Intrawest Annual Report 1996

Contents

Intrawest is the only company in North America to combine expertise in the planning, design, construction, operation and marketing *of* facilities on mountains with villages at their base.

This demonstrated operational and development expertise puts the company in a unique position to deliver all the components necessary to meet the growing demand for a total vacation experience.

With over three million skier visits, Intrawest is one of the largest ski operators on the continent. More importantly, it is the fastest growing company in North America in terms of total mountain resort revenue which includes themed retail, rental accommodation, food and beverage, ski ticketing, Resort Club and real estate sales.

Intrawest owns resorts at Blackcomb and Panorama mountains in British Columbia, Tremblant in Quebec, Stratton in Vermont, Snowshoe in West Virginia and Mammoth in California (33%). In a joint venture with Ralston Resorts at Keystone Resort, Colorado, the company is creating resort accommodation and a new village called River Run.

Intrawest's head office is in Vancouver, British Columbia. Company shares are listed on the Toronto, Montreal and Vancouver stock exchanges.

Intrawest is doing business in the largest "drive to" markets: Los Angeles & Southern California, Seattle, Denver, Toronto, New York, Boston, New England & Montreal.

Awards

Snow Country and SKI magazines named Whistler/Blackcomb North America's number 1 ski resort. This was the second year in a row for SKI magazine and the fifth consecutive year for Snow Country.

Tremblant was named number 2 and number 3 in eastern North America by SKI and Snow Country magazines, respectively.

Le Géant at Tremblant was named one of Canada's best new golf courses by SCORE, Canada's Golf Magazine.

Stratton was one of five ski resorts in the U.S. to receive the Silver Eagle Award for environmental excellence in fish and wildlife habitat protection by The Skiing Co.

Quality Council of BC Award of Distinction for Customer Focus.

Achievements

Sold Station Tower, Intrawest's single largest non-resort property, reducing non-resort properties to only 14% of total assets.

Signed an agreement with Disney Vacation Club which allows members of that Club and the Intrawest Resort Club to enjoy unique exchange privileges.

Generated operating cash flow at Blackcomb of $19.9 million, ten times the cash flow generated when purchased in 1986.

Within six days in two countries, pre-sold $62 million of recreational real estate.

Acquired 33% of Mammoth and June Mountain ski operations in California as well as all of the developable real estate. Also entered into an agreement to develop the adjacent Lodestar property.

Milestones

***1986** Intrawest has an established reputation for its real estate development expertise; acquired Blackcomb Mountain in BC, resulting in a unique marriage of resort operations expertise and real estate.*

***1990** Became a public company; Blackcomb Mountain annual skier visits increase 142% from 1986 levels to 673,000.*

***1991** Acquired Tremblant in Quebec; continued to expand real estate business.*

***1993** Acquired Panorama Mountain in BC, becoming the largest ski operator in Canada. Ralston Purina approached Intrawest to be its partner in building a mountain village at Keystone, Colorado.*

***1994** Shifted management focus entirely to four-season mountain resorts; divested urban real estate arm; acquired Stratton Mountain in Vermont; launched the first Intrawest Resort Club location at Blackcomb, BC.*

***1995** Acquired Snowshoe and Silver Creek (collectively called "Snowshoe") in West Virginia; opened the second Resort Club location at Tremblant, Quebec; began development of real estate at Sun Peaks, BC.*

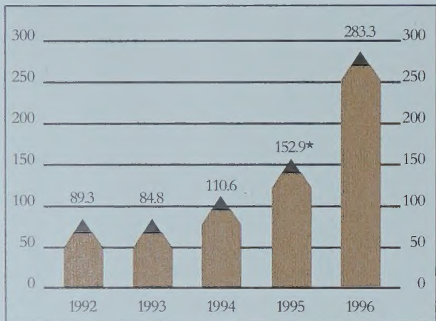
***1996** Acquired 33% of the Mammoth and June Mountain ski operations in California, as well as all of the adjacent developable real estate owned by Mammoth; entered into agreement to develop the adjacent Lodestar property at Mammoth.*

COVER STORY

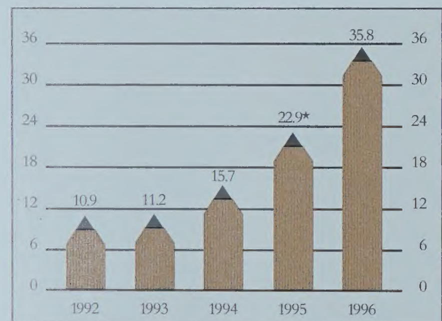
The Logic and the Magic *of* Mountain Resorts.

Intrawest creates magic – places that give people experiences that enrich, enlighten and excite; places that bring friends and families together and leave legacies of indelible memories. Behind the magic is rock solid logic – a business based on understanding our market, mitigating risk and generating profit. Without the logic, there is no magic. Without the magic, there is no profit. And therein lies the real magic.

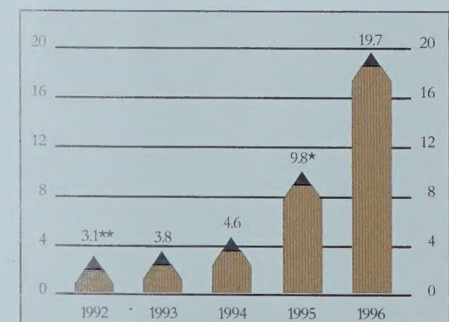
FINANCIAL HIGHLIGHTS



Revenue *(millions of dollars)*



Cash Flow *(millions of dollars)*



Income from Continuing Operations
(millions of dollars)

For the Period Ended	**June 30 1996**	June 30 1995*	September 30 1994
Operating Results (millions of dollars)			
Revenue	**283.3**	152.9	110.6
Cash Flow before corporate expenses	**57.4**	31.9	23.4
Corporate expenses			
– net interest	**(12.6)**	(5.6)	(4.3)
– general and administrative	**(7.6)**	(4.6)	(2.5)
– other	**(1.4)**	1.2	(0.9)
Cash Flow from operations	**35.8**	22.9	15.7
Income from continuing operations	**19.7**	9.8	4.6
Net Income	**18.8**	11.7	15.1
Per Share (dollars)			
Cash Flow	**1.34**	0.80	0.62
Income From Continuing Operations	**0.85**	0.43	0.21
Net Income	**0.82**	0.51	0.70
Dividends	**0.16**	0.16	0.16
Financial Position			
Assets (millions of dollars)			
Resort businesses	**588.2**	427.7	377.0
Discontinued non-resort businesses	**165.5**	230.9	252.0
	753.7	658.6	629.0
Shareholders' Equity (millions of dollars)	**289.9**	276.4	265.5
Debt to Equity Ratio	**1.31 to 1**	1.14 to 1	1.13 to 1
Weighted Average Common Shares Outstanding (millions)	**23.0**	23.0	21.4
Winter Skier Visits	**2,484,000**	2,003,000	1,446,000

****The Company changed its year end to June 30, effective in 1995. The 1995 figures reflect a nine-month operating period to June 30, 1995.***

*****Income from continuing operations excludes a $13,572,000 dilution gain on the sale of a partnership interest in Blackcomb.***

"A marriage *of* snow and steel, land and lumber, membership and service to create a company that *redefines* the mountain resort industry."

You have heard from me two years running now about the reorganization and change of focus we implemented in 1994. Well, I'm going to discuss it again, but this time from a perspective of firm results.

The decision to change focus was a monumental one. In one bold move we jettisoned the result of 20 years' effort in building a successful urban real estate company to become instead a pure leisure company. Why? Because we saw then, and we see even more clearly now, an industry that shouted growth potential and an opportunity for us to be a major player on this continent in this field. But why us, a relatively little company based in British Columbia, positioned as an industry leader on this continent? Well, luck and circumstances for sure, but as in most ventures it turns on people – a collection of talent that has married together snow and steel, land and lumber, membership and service, and a hundred other ingredients to produce a product and deliver it to the customer, perhaps better than any other in our business.

Through these people we have won awards and delivered excellence that has made a lasting mark. But perhaps more importantly, we've won the hearts and minds of our customers. To each of the very dedicated and talented employees of Intrawest, thank you.

But enough accolades; what about our shareholders? You have been a supportive and

Joe S. Houssian
Chairman, President and Chief Executive Officer

encouraging group to be sure. When we changed our focus we knew it would cost us in the short term because we could not redeploy the cash from the sale of our urban real estate assets fast enough to make up for what we were losing in foregone profits. The result was somewhat predictable – our share price went down. Today, two years later, we are back to about where we were. At first blush that's a tie. But the reality is much more encouraging. Our new game plan has taken us to a higher playing field. We are a very different company now, and one that is substantially better poised for sustainable growth than ever before.

The accompanying table shows some of the changes in our ongoing operations from fiscal '94 to fiscal '96. We are proud of the results.

Many observers are labelling us as the industry leader – we are currently number three in terms of skier visits; number one in resort real estate development; and at the top in terms of delivery to our customer (as supported by the ratings from the top ski magazines on the continent).

All of this to tell you that our re-deployment of assets, our newly developed strategy and our more focused energy are paying off.

That's history – where to now?

With regard to our current ski operations, we are in the middle of a major re-engineering effort to perfect our delivery system to the customer and cut delivery costs at the same time. This is no different than what is happening in most industries, except Intrawest's scale and expertise in our sector is allowing us to lead. Technical stuff, this, which I won't dwell on, but the proof is in our numbers – operating profit per skier increased from $11.22 in 1994 to $16.66 in 1996, a 48% increase, or 22% annualized year-over-year.

And what about real estate at our resorts – where is it going? If you are a baby boomer reading this, chances are you either have or want to have a vacation home. The biggest buyers of second and third homes are ages 45 to 60. We are, demographically speaking, on the front edge of this 15-year period whereby more than one-third of the North American population, the baby boomers, are "coming of age." With an inventory of land to build on of some 12,000 units at our resorts, and a team of builders in-house as good as they come, Intrawest is spot on in its assessment of a very encouraging future for our Real Estate Group – and in geographically diverse areas. Intrawest now covers most of the major ski population centres in North America. We welcome people from Los Angeles and Southern California to Mammoth; Denver and all of the Mid-West to Keystone; Toronto, New York, Boston and Montreal to Tremblant; all of New England to Stratton; and all of the world, it seems, to Blackcomb. The specifics of this explosive potential are outlined in our Resort Development Group section.

In addition to all this, our Resort Vacation Club business (timeshare in the historic nomenclature) is a new growth area for our company. With two Club locations open at Blackcomb and Tremblant, we now have over 2,000 members at the end of our first full fiscal year of operation and additional locations in the pre-development stage.

I am making this sound easy. However, to get a 3,000-unit real estate village approved in a mountain valley inhabited by exiles from the city is anything but. (Would you believe 96 public meetings to get Keystone through its approval process?) The point is we did it, several times, in different places.

The source of growth in our real estate operations is quite clear – at our current seven locations we will supply the market as we meet and create demand. Expansion beyond these current locations is also within our grasp – because we are rather unique in our industry.

This is because ski resort owners are typically ski operators. They understand the potential of their real estate, but they don't know how to deal with it.

INTRAWEST'S GROWTH

	FISCAL '94	FISCAL '96
Ski Operations	*3*	*6*
Golf Operations	*2*	*5*
Resort Assets	*$377.0 million*	*$588.2 million*
Skier Visits/year	*1.4 million*	*3.4 million*
Resort Real Estate Sold		
- units	*297*	*474*
- dollars	*$33.7 million*	*$111.4 million*
Inventory of Developable Real Estate	*6,900 units*	*12,700 units*
Net Income from Resort Businesses	*$4.6 million*	*$19.7 million*
Cash Flow from Resort Businesses	*$15.7 million*	*$35.8 million*
Retail Stores at our resorts	*23*	*55*
Restaurant Seats at our resorts	*7,150*	*15,685*
Employees (permanent and seasonal)	*3,600*	*7,000*
Ski Instructors	*528*	*1,188*
Annual Snowmaking Capacity	*1.6 billion cu. ft.*	*3.9 billion cu. ft.**

**To put this in perspective, our annual snowmaking capacity is enough to fill all the bathtubs in Canada and the United States – twice.*

What they do know is that occupiers of real estate and hotel rooms ride on their chairlifts, and buy their products. So what they need is straightforward: someone to build them a mountain village at the base of their mountain – one that contains hotels, condominiums, chalets, restaurants and shops, and one that retains and expounds upon the culture of their region. Intrawest is seen as the only company with the experience, expertise and track record to do this. Such was the case at two major U.S. resorts – Keystone and Mammoth, where the owners invited Intrawest to develop their mountain villages.

So expansion in resort real estate development has considerable potential. What about expanding our ski operations? For sure we will grow our existing operations by increasing our market share and 'share of customer' (in database marketing jargon). But buying resorts through acquisition is a little trickier. There is tremendous consolidation going on in our industry. Simply put, the strong are getting stronger and the weaker resorts are disappearing. Of the resorts that would even interest us, the majority are owned by the most interesting and independent group of characters you will ever meet – proud men and women who built their operations with love and emotion – pillars of their community, with a positive attitude that next year's weather will be the best ever, so why not wait another year or two before considering a sale. And all of that affects their perception of the price and value of their resort.

On the other hand, Intrawest has a lot to offer operators. We are professional. We can perform, financially and otherwise. We know what the market wants and can deliver it with predictable consistency. Thus over the past two years we have been successful in making three acquisitions and, combined with the internal growth of our other resort operations, cash flow from ski operations has increased by 153 percent.

"We enjoy doing business *with* partners. Two heads (or two dozen) are better than one."

In real estate and in ski operations we have entered into numerous joint venture relationships. We bring considerable energy and commitment to a transaction. And expertise. We stand by our record. We enjoy doing business with partners. Two heads (or two dozen) are better than one. We've seen synergy and co-operation in action – we like it, so we will continue to search out the right relationships.

Will we do a U.S. listing? Yes, probably in conjunction with a major acquisition. What has been most intriguing for us, in the past 12 months, is the attention we have received from the U.S. investment community since our high-profile acquisitions of Mammoth and Snowshoe, and since the recent article on Intrawest in Business Week. We believe, therefore, we are establishing the base for a greater presence in the United States.

To our customers – it turns on you – and we are continuing to know you better, thanks to our database marketing team. As of September 1996 we know 750,000 of you in some detail. And as part of the re-engineering I referred to earlier (in this case from our Marketing Group) we expect to communicate with each and every one of you – often. And although we get applauded for our service and product by our customers, we have no desire to rest on our laurels. We are spending a great deal of time and money to determine how best to keep and build your business into the next century. We will do this in a great number of ways, many of them unconventional. After all, how many companies have an organizational chart that includes a Vice President of Ideas? Kind of says it all.

As I drafted these comments, and looked back at my words, they sounded very optimistic and encouraging. With good corporate governance suggesting that companies be conservatively responsible and non-promotional, lest they mislead, I wondered what I was doing. Why go out on a limb? It's not really necessary, and perhaps risky. So I had the words vetted by several others of our Senior Management and they confirmed that the feelings of optimism are very appropriate.

Therefore the draft stands as final. It is our honest view. It is how we feel. The whole company.

Joe S. Houssian
Chairman, President and Chief Executive Officer
September 24, 1996

This year's results can be summed up in one sentence.

"We have delivered on our forecasts."

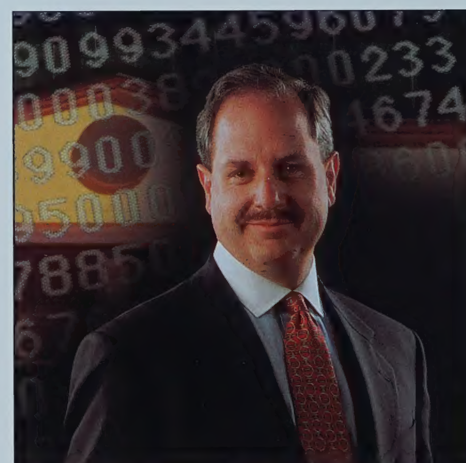
Our exceptional financial results, as well as progress on a number of other fronts, are tangible evidence of the soundness of the strategy discussed in our past two annual reports.

In those reports we forecast that earnings and cash flow from our resort businesses would rise significantly in 1995 and 1996. We also indicated the growth in profits from our resort businesses in 1995 would be largely offset by the reduction in contribution from the non-resort assets but that in 1996 and beyond this growth would translate into strong income per share improvements.

All of this is happening.

In fiscal 1996 earnings per share increased by 61% to $0.82 and cash flow per share increased by 67% to $1.34. As forecast, the most important contributing factors were:

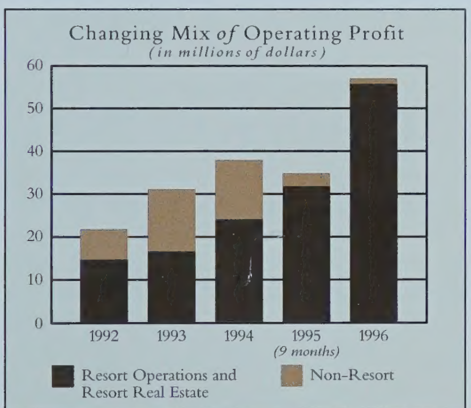
- the reinvestment of proceeds from non-resort sales into the acquisition of Snowshoe and a 33% interest in Mammoth;
- an increase in revenue per visit of 30% to $66.54 and in the Resort Operations profit margin to 25% compared with 23% in 1995 and 21% in 1994 as a result of management's operational initiatives; and
- an increase in real estate revenue of 140% and operating income of 102% compared with the previous year. This year reflects the first significant contribution from our Keystone real estate joint venture.



Daniel O. Jarvis
Executive Vice President and Chief Financial Officer

Singular Focus on Resort Business

The process of moving to a singular focus on the resort business is now almost complete. Non-resort properties which were 55% of our total assets in early 1994 have declined to 14% at June 1996 and are expected to be less than 5% by June 1997. This is in line with management's projection of a year ago. At the same time we have been acquiring resort assets and investments. The following chart shows the dramatic shift in operating profit that has occurred over the past five years.

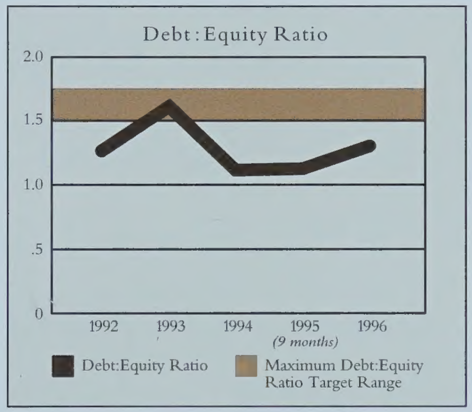


Operating profit from our resort businesses has grown at a compound rate of 41% per annum since 1992.

The sale of the remaining non-resort assets, which we expect to take place principally over the next 12 to 18 months, will provide additional equity for re-investment of approximately $52 million. We also have about $40 million of receivables from previous non-resort sales which will be collected over the next two years. As we reinvest these funds from their relatively low current returns to the higher returns we are achieving in our resort businesses there will be a significant positive impact on earnings and cash flow per share. This is already apparent in our strong results for fiscal 1996.

Strength of Financial Foundation

Two years ago I said that we expected to expand our operations without relying heavily on increasing our debt ratio. At fiscal year end our debt ratio was 1.31 to 1.0 which compares with 1.14 to 1.0 in 1995 and is comfortably below our target maximum of 1.75 to 1.0. The access to debt capital which we currently enjoy is a significant strategic benefit in an industry which is experiencing major consolidation.



Risk Mitigation Strategies

At Intrawest, a disciplined approach to risk management is deeply ingrained in our culture. Our selection of mountain resorts has very consciously provided us with diversification of risk with six resorts strategically positioned throughout North America. Although this past year's winter weather patterns reflected higher than typical fluctuations, the Resort Operations Group was able to achieve revenues within 1% of our budget.

In the Resort Development Group we have built a business which is more like a manufacturing operation than a traditional real estate business. We minimize land inventory risk by arranging innovative joint ventures with the original landowners or by acquiring land as an adjunct to our resort operations. We minimize the risks of carrying inventory by pre-selling prior to and through the construction period. As a result a high percentage (70% to date) of all real estate units that we sell are sold prior to completion. Most importantly, the real estate that we build is an integrated part of the resorts that we operate and the value can be sustained and enhanced through the improvements we make to the total resort.

Multi-resort Strategic Initiatives

We continue to expand our initiatives to take advantage of our multi-resort network. These include:

- group purchasing of financial services and equipment
- benchmarking performance standards across all resorts
- forming cross-resort teams to address specific issues
- hiring specialized individuals at the corporate level as resources for the total group
- developing proprietary information technology systems for application across all resorts

We are also working actively to take full advantage of our database of customers and the many brand names that exist in our family of resorts.

Summary - Sustainable Growth

We now own five resorts with an interest in a sixth and have real estate holdings with a potential of 12,000 units of development over the next 15 years. We believe that these unique and irreplaceable mountain assets and the development of strong customer loyalty with those households in North America who are today or will become committed to the mountain lifestyle are the sources for sustainable growth in income and cash flow for Intrawest.

Daniel O. Jarvis
Executive Vice President and
Chief Financial Officer
September 24, 1996

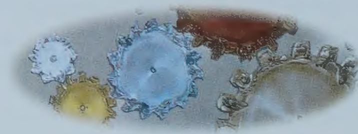
The LOGIC

Intrawest stands alone in the industry as a company that has both expertise as a superior resort operator as well as proven ingenuity in year-round resort real estate development.

These two distinct businesses, managed inter-dependently, move synergistically toward increased opportunities. This very unique combination of skill sets leads to remarkable results.

The growing demand for its product, supply constraints in the industry and Intrawest's unique combination of expertise, point to growth potential.

The logic is irrefutable.



"Intrawest has taken the concept *of* synergy to a higher level. The result is not just new efficiencies but extraordinary income potential."

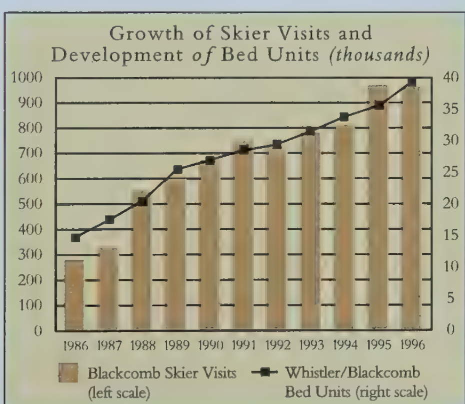
When Intrawest acquired Blackcomb Mountain we reasoned that mountain resorts were actually gated "natural attractions" standing on their edge. We could see that villages that reflected the unique culture and beauty of an area could not only become gateways to the mountains, they could generate year-round retail and real estate revenue for Intrawest. As 'magical' as these villages were, they were also a very logical part of the company's business methodology.

This symbiotic relationship between mountain and village...natural and man-made...recreation and relaxation...winter and summer...have been a synchronous part of the resort drivetrain that has 'moved mountains'... that has driven Intrawest's remarkable growth.

"Each aspect *of* an Intrawest resort drives other business units in the resort."

The Intrawest resort drivetrain begins with the link between the mountain and the land at its base. Intrawest has secured major land positions at geographically dispersed resorts that cannot be replicated. The company's strategy is to enhance the resorts' value through capital investment on the mountain and real estate design. The timing and type of product is managed to ensure capital appreciation and high occupancy of rental accommodation. The result is recurring income and high margins.

The core strategy is the development of warm beds – property at the resorts that is occupied, not just owned. This increase in warm beds levers skier visits in winter and resort visits in other seasons.

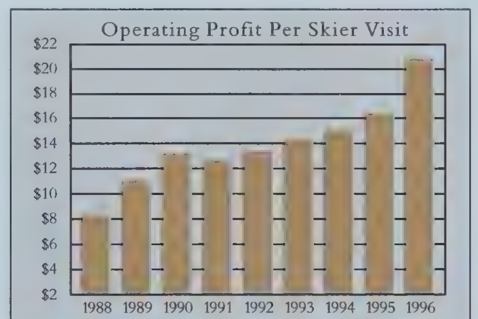


Statistical analysis supports a relationship between skier visit growth at Blackcomb and development of beds. Over the past decade Blackcomb visits have tripled while North American visits remained relatively flat.

To generate warm beds, Intrawest creates a four-season "total resort." When combined with the staged expansion of the mountain operations, this increases usage of the resort throughout the week, in peak and non-peak periods, year-round.

The total resort includes animated villages with an emphasis on quality of service, amenities and village ambiance that attracts affluent buyers of real estate and resort club points. This is a highly prized target market and Intrawest has developed database loyalty programs to not only attract, but retain these customers through "life-long" relationships.

Intrawest is able to manage the growth of the total resort through control of the concept, marketing, and management of its retail and real estate mix. It is an established, sustainable methodology. Most importantly, it is a formula that can be repeated in locations the company selects across North America.



Since 1988 overall operating profit per skier visit at Blackcomb has grown from $8.24 to $21.22, a 157% increase. Operating profit from non-ticket sources rose from $1.3 to $8.9 million – a 584% increase.

The principles that worked at Blackcomb are now being applied to other Intrawest resorts. The results verify the formula. There will also be capital expansion to support growth in visits and enhance visitor experience, all financed by internal cash flow.

As the total resort evolves, real estate values, revenue per skier visit and skier visits all increase together.

Non-Ticket Revenues

Restaurants give each of our resorts their own flavour.

Retail Intrawest-style has a definite edge.

Accommodations that make the mountain home.

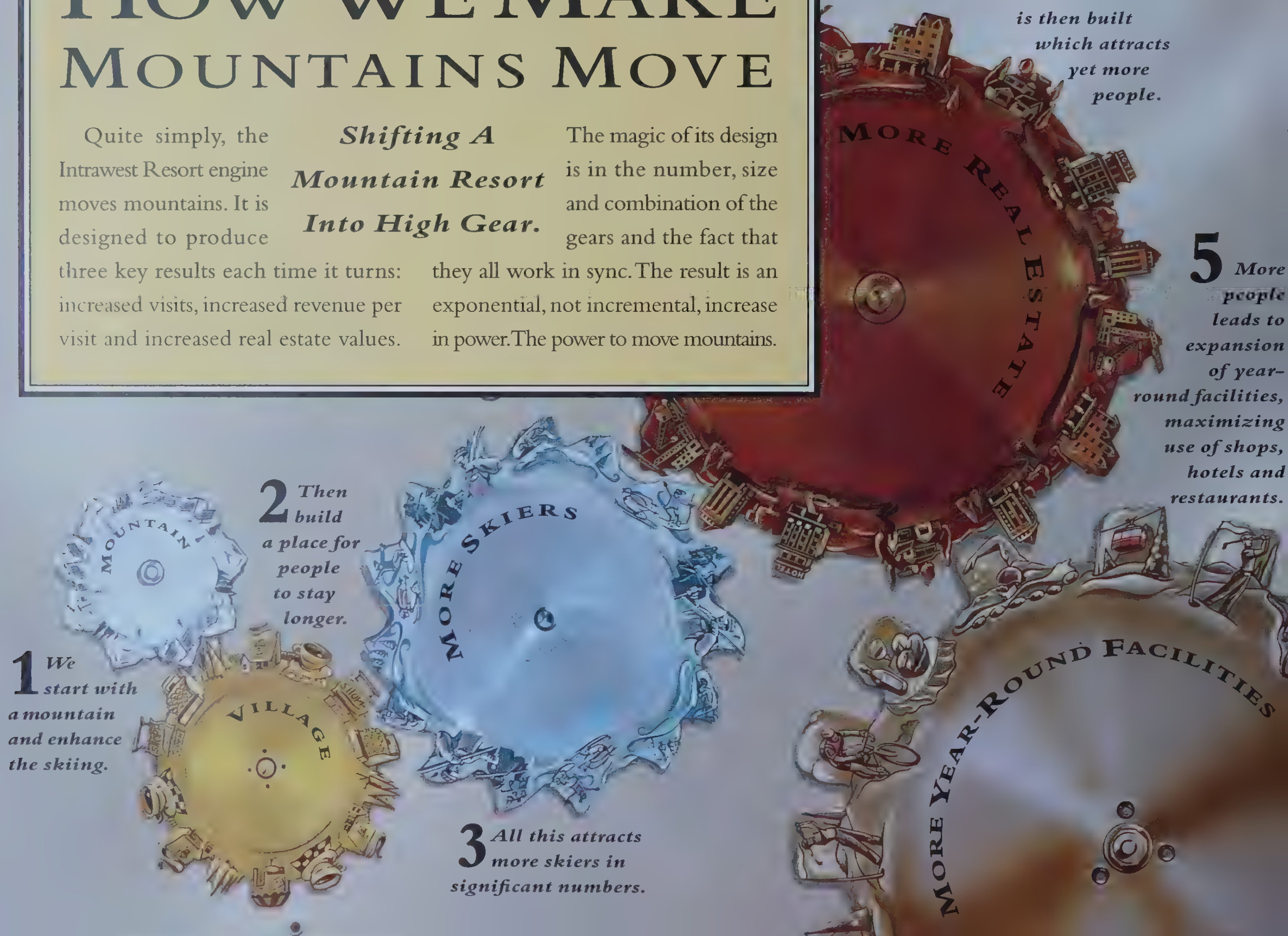
The Logic

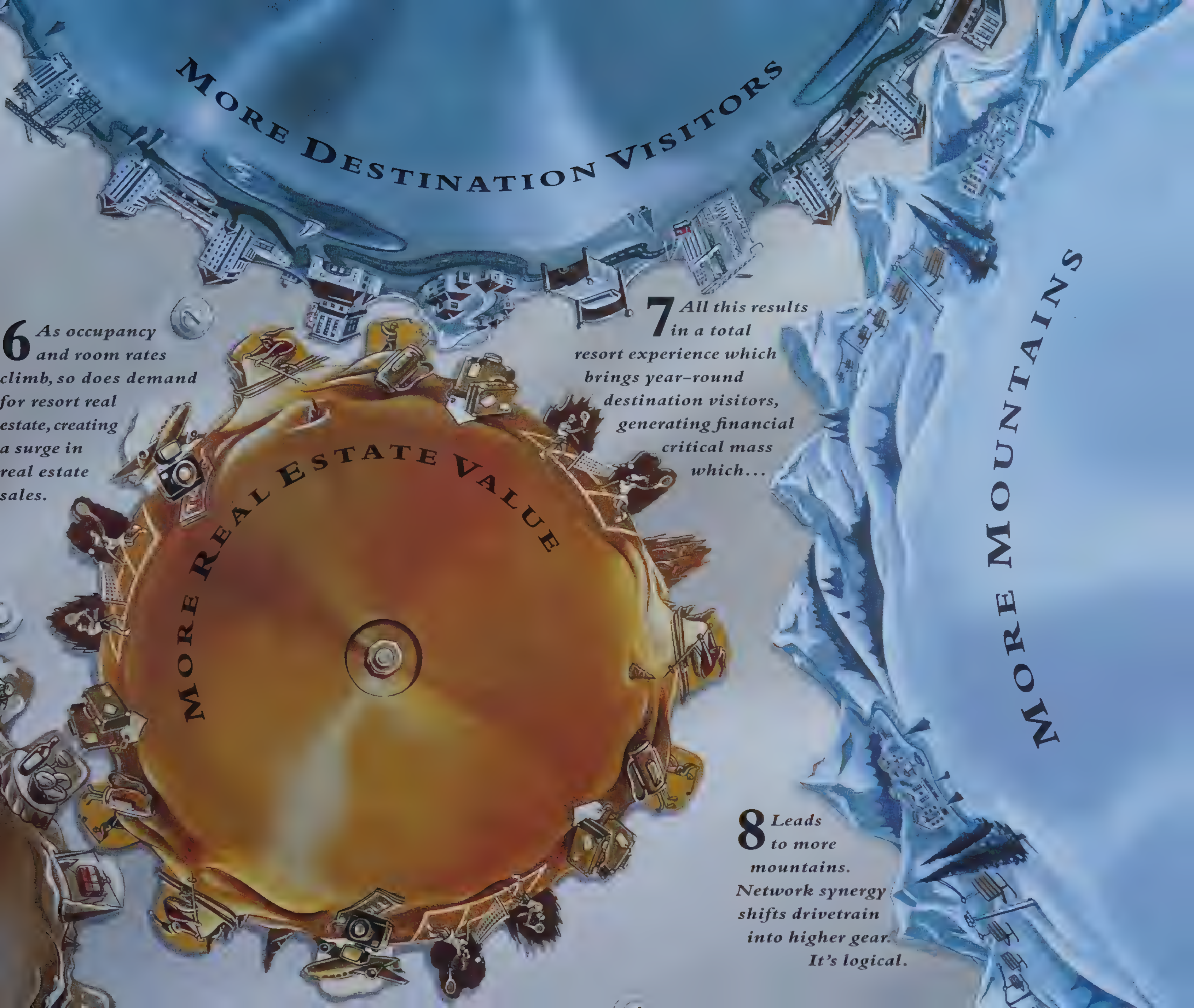
How We Make Mountains Move

Quite simply, the Intrawest Resort engine moves mountains. It is designed to produce three key results each time it turns: increased visits, increased revenue per visit and increased real estate values.

Shifting A Mountain Resort Into High Gear.

The magic of its design is in the number, size and combination of the gears and the fact that they all work in sync. The result is an exponential, not incremental, increase in power. The power to move mountains.





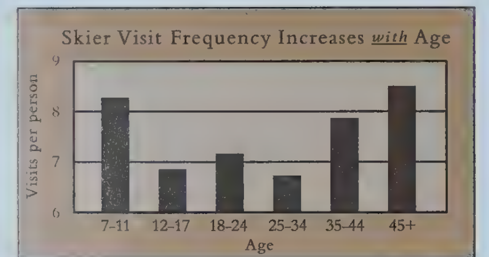
6 *As occupancy and room rates climb, so does demand for resort real estate, creating a surge in real estate sales.*

7 *All this results in a total resort experience which brings year-round destination visitors, generating financial critical mass which...*

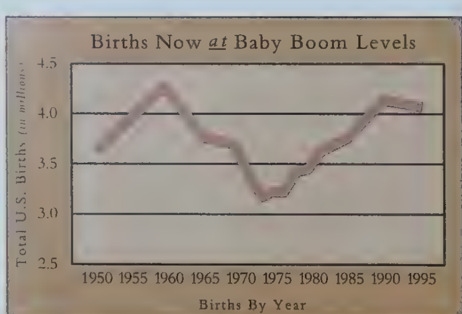
8 *Leads to more mountains. Network synergy shifts drivetrain into higher gear. It's logical.*

Demand

Demand for vacation property and recreational experiences is booming. This is largely a result of baby boomers reaching the time of their lives where they desire and can afford secondary recreation-centered homes.



Contrary to popular belief, older skiers do not ski less, they ski more. In addition, they are more discerning, only visiting resorts offering high service, quality and comfort. All part of the Intrawest Resort Village experience.

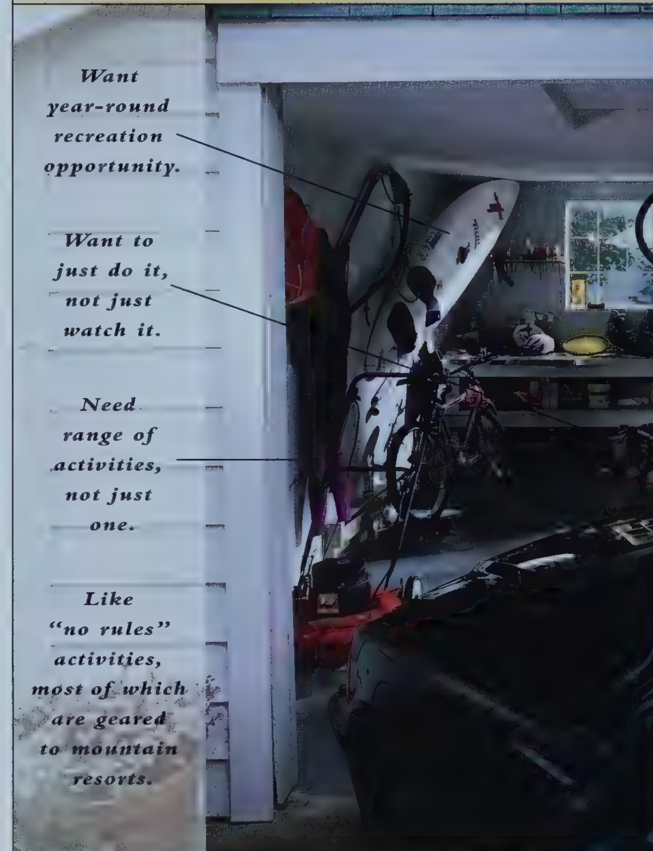


The new market is coming along fast. The number of births are now at baby boom levels. The 75 million children of the baby boomers are the skiers and the snowboarders of the future.

If the percentage of baby boomers who buy vacation homes equals the 7% of their parents' generation who have done so, the number of vacation home owners could swell by more than 40% in the next decade. And this is a demographic group that tends to satisfy its desires quickly, bidding up prices in the process.

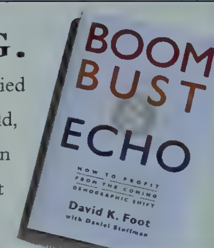
The large size of the baby boom generation will fuel an increase in skier visits because people over 45 years of age ski more often, and these people are changing their skiing habits, skiing more at resorts that provide the total vacation experience. In addition, baby boomers are having as many children today as in the peak year of the baby boom.

Want to know why m ARE BOOMING? LOOK



It's Working.

The Intrawest methodology has been studied and praised by experts in the demographic field, among them David K. Foot with Daniel Stoffman in the book "Boom, Bust & Echo. How to Profit from the Coming Demographic Shift."



UNTAIN RESORT SPORTS
IN YOUR OWN GARAGE.

Prefer sports that can involve the whole family.

Seek out self-actualization experiences and special places.

Want to get above and away from the rest of the pack.

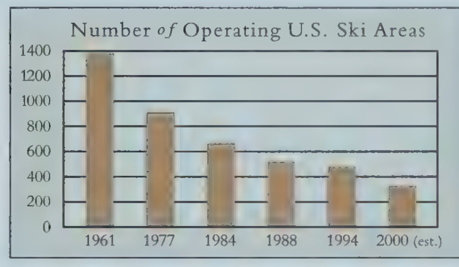
Like their comforts. More discriminating about food.

> *"Intrawest's managers have a keener understanding of the realities of Canadian demographics than most of their competitors. Intrawest has always understood what the boomers needed and when they needed it.*
>
> *That's how it has managed to out-perform the Toronto Stock Exchange's index of real estate companies by 700% since going public in 1990."*
>
> David K. Foot

SUPPLY

In a word: Tight. No new mountain resorts are being built. Over the past 15 years, 85 proposed resorts have been stalled and/or abandoned due to environmental issues and the high costs of entering this capital intensive industry.

In 1994/95 there were 74 million skier visits in North America. Of those, 17 million were to ski resorts owned by eight companies. The rest were fragmented 516 ways.



The approximately 74 million skier visits in North America are being divided over an ever decreasing number of operators.

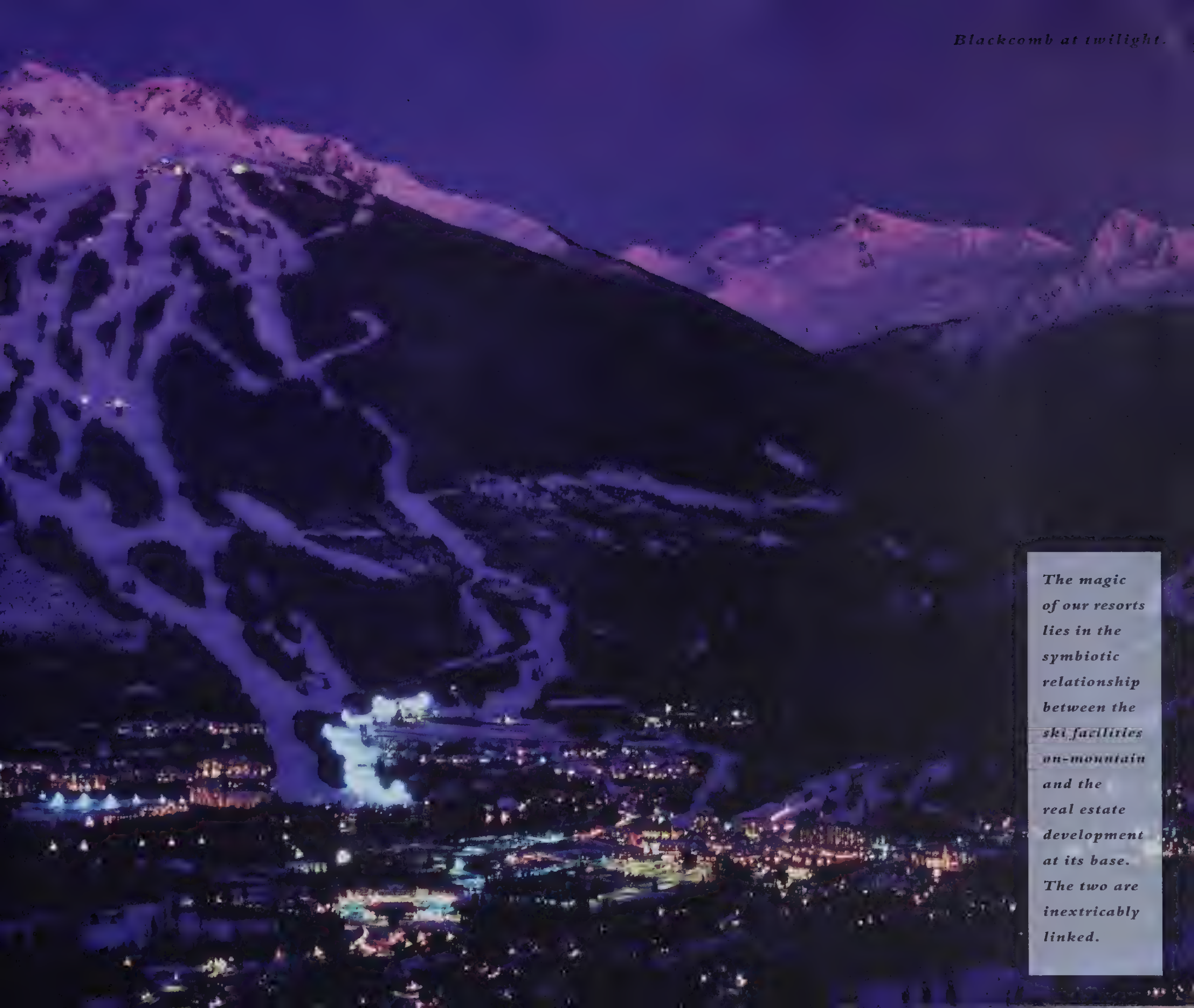
Why is the cost of entry so high? The preferences of baby boomers in choosing mountain resorts necessitate huge expenditures up front: high-speed lifts, better restaurants and on-mountain facilities, assured snow conditions (expensive snow-making equipment) and on-mountain accommodation. Smaller operations have had a difficult time. Many lack geographic diversity, have weak distribution/marketing, lack the specialized management skills required in today's resort or are undercapitalized – all factors that are thinning the field. As the quality/variety gap widens between resorts, affluent and high frequency skiers will switch to premier locations.

The result is the emergence of one or more leading players who have the size and multiple locations to market and manage their resorts in ways that capture economies of scale and increase both capacity utilization and revenue per skier visit. This translates to higher returns on capital and strong, sustainable growth for major players like Intrawest.

The MAGIC

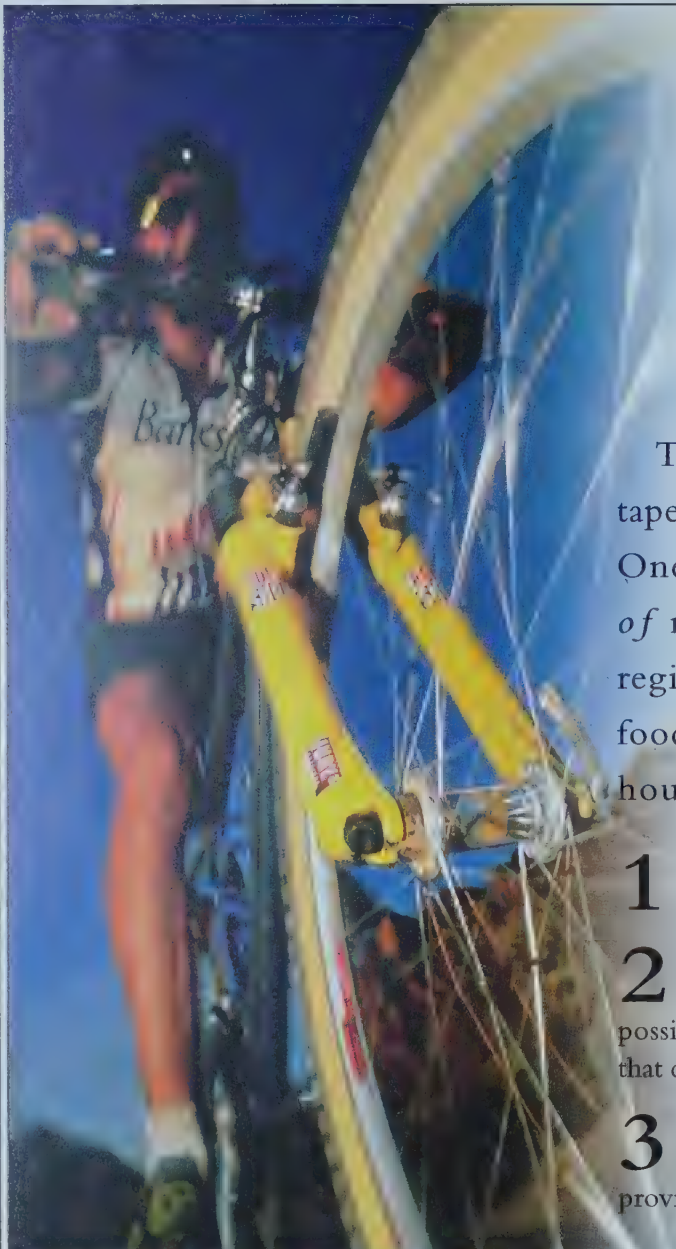
A resort can make the inaccessible accessible. It is a place where we are renewed by unforgettable adventures that await on ancient mountaintops and in primeval forests. It is where we create friendships, bond with all generations of family and rediscover self.

Mountain resorts have a transformational power. For some it is pure adventure, for others it is serenity and for still others, romance. All those who have been to an Intrawest mountain resort have experienced this feeling. These are retreats that renew your belief in yourself and the world around you. It's magic.

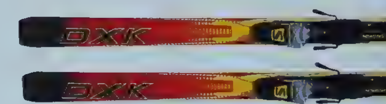


Blackcomb at twilight.

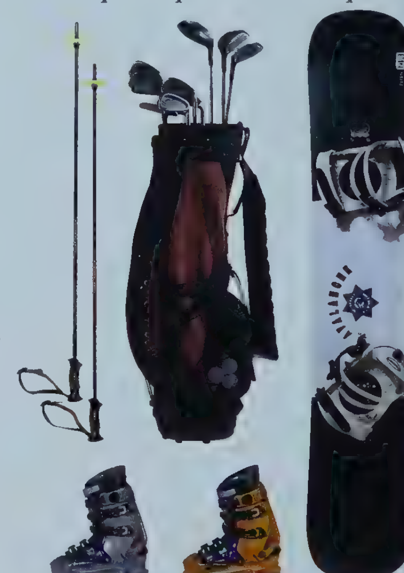
The magic of our resorts lies in the symbiotic relationship between the ski facilities on-mountain and the real estate development at its base. The two are inextricably linked.



THE MAGIC I
of THE TOT



Evolving technology like parabolic skis, oversized golf clubs, snowboards and large-head racquets are making it easier for everyone to learn and participate in active sports.



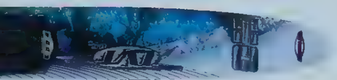
The total resort experience is a tapestry of fantasy and technology. One that has a subtle interplay *of* natural environment, history, regional culture, architecture, art, food, recreation, leisure, romance, housekeeping and homemaking.

1 Service so wonderful people can't even think of anything to complain about.

2 The unlimited menu of activities. Offering something for everyone is now not only possible but mandatory, especially activities that cannot easily be done at home.

3 Using the credit card once and for all. The resort of the next century will provide a seamless experience.

NGREDIENTS



AL RESORT

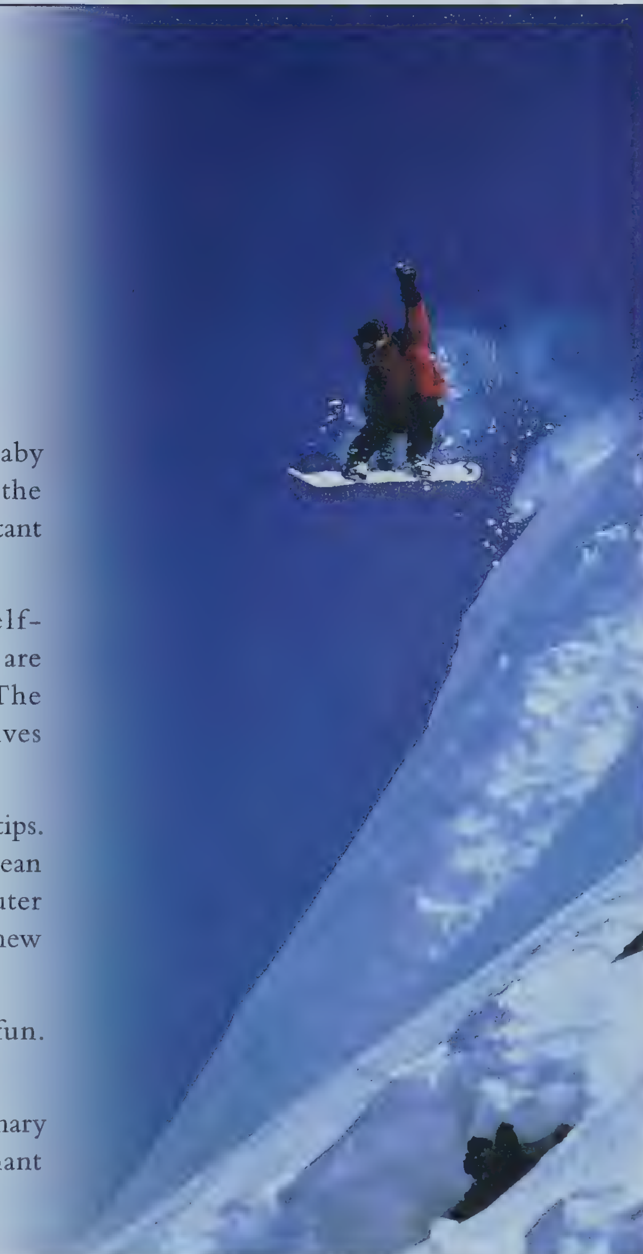
4 Adventures – over easy. Aging baby boomers want adventure without the hassle. Near-slope activities are as important as on-slope action.

5 Leisure time doubles as self-improvement time. Vacations are becoming personal-goal oriented. The thirst for authentic experiences drives commitment to resorts.

6 The best technology at your fingertips. Changes in information services mean an end to remoteness if desired. Computer access and entertainment facilities add a new dimension to the resort experience.

7 The entire family actually has fun. From kid stuff to parental escape.

8 Vacation Value. The use of discretionary dollars will remain a key determinant of vacation decisions.



Tremblant. Main Street at 2:30 p.m.

THE MOUNTAIN VILLAGE *as* RIVER

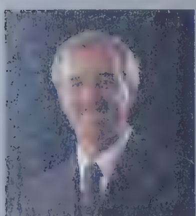
We design mountain villages emulating the way nature designs a mountain stream.

Boulders near the shoreline form the edges of the water's flow in a stream. Here is a habitat that teems with life. It is a place vibrant with sound and colour.

In our villages the edges of the street hold the shops, attractions and cafés that draw people from the centre of the street flow. Places that are alive with music, good food, friends and family.

Just as streams have eddies and catchments that divert the water's flow, the edges of the village act as gathering places, people places. It is here they stop, look about and appreciate the natural wonders of the village environment.

"The object is to create year-round must-see attractions, *not* just sell skiing."



Gary L. Raymond
President, Resort Development Group

I am pleased to report that the Resort Development Group is on track, and it's a faster track than we thought. In just two short years we have shifted our focus from both urban and resort development to resort development only. The result has been an evolution from "jack of all trades" to "master of one" – master of a niche with few competitors, well documented demand based on the boom in recreational property, and constrained supply.

Resorts such as Keystone are now on-line and producing profits and we have added new locations that will be coming on-line over the next two years. Equally encouraging is that we have added new locations without detracting from the level of development at our existing resorts.

Morning mist on Lac Tremblant.

Over the past year the Resort Development Group completed the purchase of Snowshoe Mountain in West Virginia and 33% of Mammoth Mountain's ski operations along with all of its developable real estate. Both include substantial real estate potential. In addition partnerships were completed for the development of a residential golf course resort community at Mammoth and a golf course at our Panorama resort.

> "At Blackcomb and Tremblant, Intrawest *has* demonstrated its ability to create resorts that create demand."

The project pipeline on page 23 illustrates the progress we have made in securing land to develop and sell. Intrawest has obtained this land with minimal risk, by acquiring development land at low cost with the purchase of a resort, or through joint ventures with land payments due only when units are sold. We now have an inventory of land on which more than 12,000 units (approximately $2.4 billion in sales at today's prices) could be developed.

In developing this property, a fundamental goal is to create a revenue annuity for the Resort Operations Group. To this end, much of our development effort has been toward creating "warm beds", beds that are available for overnight rental. In 1996 the Group opened Marriott Residence Inn properties at Blackcomb and Tremblant with 186 and 98 units, respectively. In November 1996 the Château Mont Tremblant full service Canadian Pacific resort conference hotel will open to guests. The hotel will include 259 hotel rooms, 49 luxurious condominiums and a 1,200-seat conference centre. These accomplishments were a direct result of our stated initiative in 1994 to align with major hotel flags. This will continue to be a priority.

The ongoing leasing of commercial space is another substantial revenue source. Over the past two years the Group has developed/acquired and leased approximately 150,000 square feet of commercial space. Tremblant alone now has over 70 commercial operations including a multi-screen theatre.

We have been successful in both achieving our objectives and in assimilating new resorts into the Group due to the commitment of our very dedicated staff. In a recent survey, the number of employees in the Group stating they are proud to tell people they work for Intrawest was the highest score the consultant had ever seen. I'd like to express my thanks for their commitment to our overall success.

We have many initiatives under way for 1997; we are developing ways to take advantage of our scale in marketing and bulk purchasing; and we will hold our first all-resorts conference to share ideas and bring together the best minds in the resort development business to help us set the course for continued success. We have the people, the financial resources, the opportunities and the will to succeed. The future is very bright.

Gary L. Raymond
President, Resort Development Group

MAJOR INITIATIVES

If we sell it, we will build it

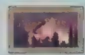
A clear mandate to pre-sell at the company's mountain resorts, combined with a customer loyalty strategy, led us to a marketing breakthrough, now in its test phase.

Prior to being offered to the public, properties are sold to the resort's best customers through a sophisticated database marketing strategy and the use of a "national launch team" working across our resort network's major markets. This plan has produced remarkable results. We believe they are repeatable. In six days in two resorts we pre-sold 209 of 251 units for revenue of $62 million. The two pre-sold buildings were started in 1996 and will complete in fiscal 1998. We will continue to hone our skills to prepare for the opportunities that await us with our ever-growing customer base of 750,000 Intrawest customers and our land inventory with potential for 12,000 units.

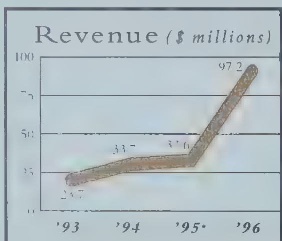
Acquisitions

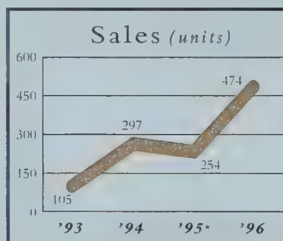
Two years ago, Intrawest was aggressively pursuing acquisitions. Today, acquisitions are aggressively pursuing Intrawest. The Resort Development Group remains focused on acquiring two types of resorts – true destination resorts and smaller "regional" resorts which have a strong local following and can provide a customer base for other Intrawest-branded resorts in our network. Intrawest's purchasing power, economies of scale and marketing power immediately impact the cash flow of each new resort.

HIGHLIGHTS



Resort real estate sales for 1996 (excluding the Resort Club) totaled $97 million, up from $38 million in 1995, with Intrawest selling 474 condominium and townhome units during the year. As a result of the company's highly effective pre-sale programs only 77 built residences remained unsold at June 30, 1996. For 1997 and 1998, Intrawest has already pre-sold 373 units for $91 million – a remarkable 135% of 1995's total output.





*9 month year

Our development rate has more than quadrupled in the past three years, with revenue doubling in the past year.

Commercial Real Estate Space (000's sq. ft.)			
In operation or under construction Sept. 30, 1994	*In operation or under construction June 30, 1996*	*Remaining units to be developed*	*Total commercial space*
112	285	550	835

Approximately 550,000 sq. ft. of commercial space is planned for future development, resulting in over 800,000 sq. ft. of commercial space by the year 2000.

What the Resort Development Group did this year:

- *Within six days in two countries, the Group sold $62 million worth of recreational real estate. This revenue will be recorded in the company's 1998 fiscal year. The 121-unit condominium hotel One Whistler Village was sold out in one hour and the 130-unit Silver Mill condominium hotel at Keystone was approximately 70% pre-sold upon its initial offering.*
- *The Group completed Residence Inns by Marriott at Blackcomb and Tremblant, and consummated a deal with Pan Pacific Hotels and Resorts for management of the company's One Whistler Village development.*
- *In conjunction with Canadian Pacific Hotels & Resorts and Fonds de Solidarité des Travailleurs du Québec, the Group built Château Mont Tremblant, a world-calibre luxury resort conference hotel. This is the first Château ever for the Laurentian region and only the second one constructed in this century, with the Canadian Pacific Hotel at the base of Blackcomb being the first.*
- *At Tremblant, Le Johannsen and Le Deslauriers hotels opened in the summer of 1995, more than doubling the number of resort rooms from 350 to 800. With the opening of the CP and Marriott hotels, this will double again next year to 1,600.*

• At Whistler/Blackcomb we have acquired an additional site in Whistler Village and have entered into a joint venture with Whistler Mountain to develop a 216-unit project on Whistler's lower slopes. We plan to acquire additional sites which would support condo-hotel development. At Panorama and Sun Peaks, development has commenced which will comprise approximately 1,300 units.

• At Tremblant, the village core, Château Mont Tremblant, the golf course and on-mountain improvements are substantially complete. The bulk of the infrastructure is now in place to support the development of the remaining real estate at the resort.

• At Keystone, construction of the new mountain village called River Run has commenced (a total of 1,115 units and 190,000 square feet of commercial space). In addition, 150 units will be constructed around the new golf course over the next two years. The remaining real estate (approx. 2,000 units) will be developed in areas adjacent to the existing real estate and the new mountain village.

RESORT

• At Stratton, the approval process has begun for the entitlement of approximately 1,400 units which will enhance the existing real estate at that resort. The bulk of the development (570 units and 35,000 sq. ft. of commercial space) will expand the existing village at the base of the mountain.

• As part of the acquisition of the Snowshoe resort operations, 8,600 acres of land were acquired which can be developed to support the existing village. The planning process has begun and development is expected to commence over the next two years.

• The planning and approval process for the Mammoth real estate development is well underway and construction will commence in the summer of 1997. The new North Village at the base of Mammoth Mountain will consist of 1,000 units and over 75,000 square feet of commercial space. Other development in the area includes over 400 ski-in, ski-out units, an 18-hole golf course and over 1,000 single-family, multi-family and hotel units fronting onto the golf course.

RESORT	Total Remaining Planned Units	Calendar Year of Development 1996	1997	1998	1999	2000	and on
CANADA							
Blackcomb	700						
Panorama, Sun Peaks	1,300						
Tremblant	2,500						
UNITED STATES							
Keystone	3,300						
Stratton	1,400						
Mammoth	2,600						
Snowshoe	900						
Total Developable Units	12,700						

Notes: A unit is equivalent to either one condominium-hotel unit, one townhome unit, one single-family lot, or 1,000 sq. ft. of commercial space. Total remaining planned units includes development beyond year 2000.

Intrawest has obtained land with minimal risk, by acquiring development land at low cost with the purchase of a resort, or through joint ventures with land payments due only when units are sold. The company now has an inventory of land on which more than 12,000 units (approximately $2.4 billion in sales at today's prices) could be developed.

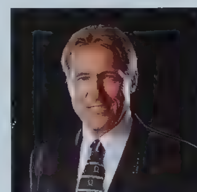
PROJECT PIPELINE

Lands under Intrawest's control (approximately 12,000 units, a 15 to 20 year supply) are at the heart of mountain resorts which cannot be replicated. The company enhances the value of the land through capital investment on the mountain and real estate design. Having control over the land allows Intrawest to manage the timing and type of product to enhance capital appreciation and high occupancy of rental accommodation. The result: recurring income and high margins.

The company builds a product mix within resorts diversified by price range, by type (condominium-hotel, townhome and single-family mountain residences) and by location (slopeside, golf course and woodlands). With a diversified product line, Intrawest is able to respond to changing market conditions within an individual resort and to maximize the value of each product type. Geographic diversification also limits risk in the event of an economic downturn in a specific locale.

INTRAWEST RESORT CLUB

"Vacation ownership members generate the highest year-round occupancy rates in the resorts."



James J. Gibbons

Intrawest Resort Ownership Corporation is a wholly owned subsidiary positioning itself to become one of the quality players in one of the world's fastest growing leisure industries – vacation ownership, an evolution of timeshare. We designed the Resort Club to meet the changing vacation needs of the rapidly growing baby boomer and mature markets, offering equity ownership in the Club through an innovative point-based membership system. The point system provides members with the flexibility to vacation in various club locations, or at more than 175 international resorts which are part of an Intrawest resort partnership program. The Intrawest Resort Club's first location was launched at Blackcomb Mountain in 1994. A second club location opened at Tremblant in 1995 and a number of other locations are in pre-development. Since opening, the Club has attracted more than 2,000 members from over 30 countries around the world.

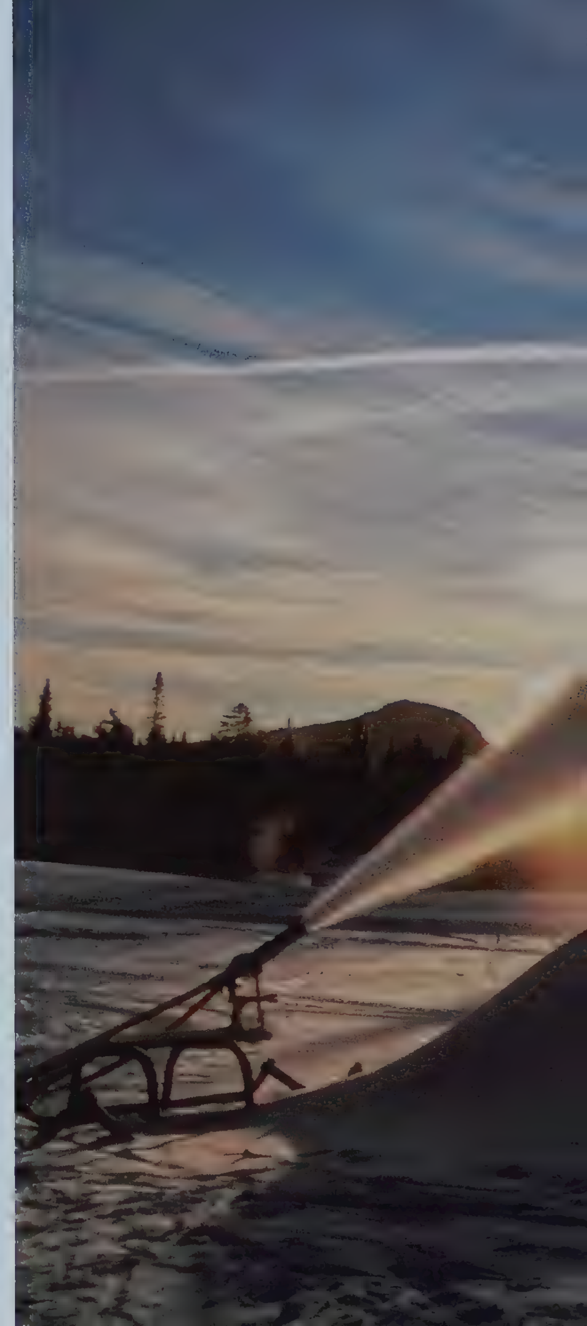
A highlight of 1996 was the signing of a direct exchange agreement with Disney Vacation Club which allows members of that Club and the Intrawest Resort Club to enjoy unique exchange privileges. This agreement expands the opportunities for Disney members to access Blackcomb and Tremblant and the Intrawest members to experience Disney World, Vero Beach and Hilton Head.

Valuable synergies exist between the Resort Club and other Intrawest divisions, with significant cross-marketing opportunities and sharing of sophisticated database marketing systems. The fact is, vacation ownership members generate the highest year-round occupancy rates in the resorts. This translates into substantial increases in ski, golf, retail, food and beverage, real estate and amenities revenue for Intrawest resorts.

Resort Club at Blackcomb.

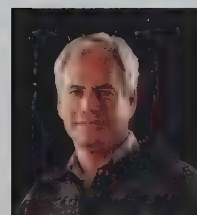
James J. Gibbons
President,
Resort Club Group

Snowmaking at Stratton, Vermont.



RESORT OPERATIONS

"All of our resorts achieved strong results this winter, with each resort generating record operating revenues and profits."



Hugh R. Smythe
President, Resort Operations Group

We have also made significant progress on all major initiatives set out in our past two annual reports.

The first initiative was to develop a sophisticated database marketing system. Database marketing is a powerful business tool used to identify, target, and maintain an ongoing relationship with the company's best customers. We now have a database of 750,000 which has enabled us to begin a series of relationship-based marketing programs. These programs are designed to increase loyalty with our best customers and encourage them to spend more of their vacation dollars with us, come more often and bring their friends.

Our second initiative was to increase our proportion of destination visitors while maintaining our loyal day-skier and passholder base. Destination vacationers are not as influenced by short-term weather variations and typically spend more on all the elements of a mountain resort experience – lift tickets, dining, ski school, retail and lodging. Perhaps the most valuable contribution from destination visitors is that they stay mid-week.

At Blackcomb, while average weekend visits increased 12% from

1994 levels, average mid-week visits increased 21%.

Our third initiative was to capture revenue from our resorts year-round. Resort operation revenues generated during warm-weather months increased 104% from 1994 (37% from 1995). Notable here was the debut of Le Géant, the highly acclaimed golf course at Tremblant. The reputation of Le Géant is so good that despite not opening until the end of June 1995, 17,000 rounds of golf were played and another 15,000 golfers could not be accommodated. Golf has been and will continue to be a cornerstone of our efforts to increase summer and shoulder season business. Our golf course assets will grow significantly in the next two years with the addition of an 18-hole course at Panorama designed by Doug Carrick, the architect who designed the 1995 number one ranked golf course in Canada, and a second 18-hole course at Tremblant.

Our other warm-weather programs include music festivals, summer camps for children, hiking and mountain biking programs, and summer ski and snowboard camps on Blackcomb's Horstman Glacier, the only summer ski/ride programs at a major North American resort. An indication of the shoulder-season potential was Tremblant's ability to sell more than 20,000 panoramic lift rides one autumn weekend.

In the Intrawest Resort Operations Group we have worked hard to weather-proof our business with state-of-the-art ski lifts and snowmaking facilities, and marketing initiatives to attract destination skiers. In addition we structure, we train, we execute, and we communicate to address whatever winter sends us. For 1996 this operating philosophy proved vital. Most of our resort managers were faced with extremely volatile winter weather with only Panorama enjoying a consistently snowy and cold winter season. Our success this year was achieved despite this volatility.

This accomplishment could only be attained through a top-flight team effort, involving everyone from our resort front-line staff to our senior managers.

"Our guests now come *from* every principal ski/snowboard market in North America."

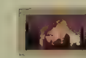
A team that involved snowmaking, grooming and lift crews that worked hard and expertly to provide a great snow surface going down and a safe, fast ride up; marketing departments that crafted and communicated the message about changes in conditions and where great skiing could be found at our resorts; food and beverage, ski school, retail, lodging and administrative staff who provided our guests with the amenities that make the difference between a good guest experience and a great guest experience.

As for our outlook, we now have either ownership of or investments in resorts in all of North America's major mountain ranges. Just as importantly, our guests now come from every principal ski/snowboard market in North America, as well as from many key international markets, most notably Japan and the United Kingdom. We still have much work to do to realize the full potential inherent in this diversity – a diversity of customers, assets, locales and experiences that no other mountain resort company in the world can claim. But it's work we're excited about, in large part because it's work no one has ever done before in the mountain resort business.

Hugh R. Smythe

President, Resort Operations Group

HIGHLIGHTS



- *Group revenue grew $63 million to $165 million, with $31 million of that increase generated by the same resorts as 1995 and the remainder from the acquisition of Snowshoe (Mammoth revenues are included in investment income).*
- *Skier visits increased 24% in 1996 to 2.5 million. While the acquisition of Snowshoe accounted for most of this rise, "same-resort" visits increased by 70,000 in a North American skier visit market that was flat overall. More importantly, while same-resort visits increased by 3%, same-resort revenues increased by 30%.*
- *Revenue per skier visit rose 30%. Increasing revenues per visit expands sales without requiring large capital investment in capacity expansion. The ability of our resorts to capture greater amounts of in-resort visitor spending has enabled us to improve our revenue-to-asset ratio by 34% from 1994 to 1996.*

MAJOR INITIATIVES

Resort Network Synergy

To capitalize on and bring greater coherence to our wealth of assets, we will accelerate the sharing of best practices, learning programs and innovations across our resorts, through such programs as:

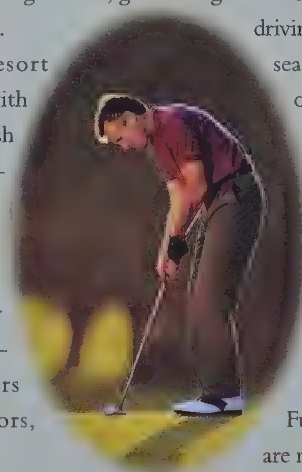
• All-resort meetings focused on a particular mountain discipline, making local knowledge global within our company, and expansion of the company-wide Mountain Institute leadership schools.

• The introduction of company-wide technology initiatives, including a new MIS program for Intrawest ski/snowboard schools and "direct-to-lift" swipe cards pioneered at Blackcomb in 1995 and debuting at Stratton in 1997 – innovations that few single North American mountain resorts can afford to provide.

• Utilization of the Intrawest Resorts database by all of our resorts to achieve direct communication with our most loyal customers and forge stronger bonds with them while reducing our reliance on less efficient marketing media. The database will also enable Intrawest to offer personalized vacation packages that will facilitate, for example, the day visitors of one Intrawest resort taking a multi-day vacation at another Intrawest resort.

• Consolidation of the purchase of various products and services common to all of our resorts such as advertising media, grooming machines and snow guns.

• Creation of cross-resort sponsorship programs with major marketers who wish to communicate and provide valuable goods and services to our customers – customers who are nearly unrivaled in their affluence and acquisitiveness. Charter partners include General Motors, Perrier, and Starbucks.



Year-Round Utilization

We will continue to develop ever stronger summer and shoulder season programs with the objective of building the kind of resort that attracts visitors year-round. While non-ticket revenue may approach winter levels in other seasons, it is not expected that ticket revenue garnered from lift ride sales will match the winter season. Rather, the driving reason for the intense focus on non-winter seasons is to ensure the overwhelming success of the shops, restaurants, hotels and other amenities that require a 12-month operating year. The continued growth of these businesses, which depend on our ability to attract off-season visitors, will ensure the development of even more of the same. This enriches the resort fabric and makes the resort more desirable in winter, increasing ski ticket sales, our largest source of revenue. Further, as continued improvements to the resort are made, the value of the overall asset increases.

RESORT OPERATIONS LIST

Blackcomb	Mammoth	Panorama	Snowshoe	Stratton	Tremblant
16 lifts (7 high-speed)	41 lifts (4 high-speed)	8 lifts (1 high-speed)	11 lifts	12 lifts (6 high-speed)	11 lifts (6 high-speed)
106 trails	150 trails	55 trails	53 trails	90 trails	71 trails
3,340 acres of terrain	4,000 acres of terrain	1,600 acres of terrain	200 acres of terrain	465 acres of terrain	498 acres of terrain
4,525 restaurant seats	4,620 restaurant seats	650 restaurant seats	1,500 restaurant seats	1,950 restaurant seats	2,440 restaurant seats
21 sport shops	5 sport shops	4 sport shops	6 sport shops	8 sport shops	11 sport shops
		8 tennis courts	10 tennis courts	17 tennis courts	11 tennis courts
			18-hole championship golf course	27-hole championship golf course	18-hole championship golf course
				golf school	

RESORT DEVELOPMENT LIST

Project Name and Description	Ownership Interest	Total Units	Status at August 31, 1996
BLACKCOMB			
Intrawest Resort Club at Blackcomb	N/A	122	Construction of Phase I (45 units) completed; 55% of points sold to date.
Blackcomb Springs - Residence Inn by Marriott (Condominium-hotel units for sale)	74%	186	Construction started April 1995 with completion August 1996; 184 units sold.
Treeline (Townhomes for sale)	74%	38	Construction started June 1996 with scheduled completion December 1996; 24 units pre-sold.
One Whistler Village – Pan Pacific Lodge (condominium-hotel units for sale)	100%	121	Construction started June 1996 with scheduled completion December 1997; fully pre-sold.
Parcels B, 40 and 49 (Detached townhomes for sale)	74%	47	Construction to begin spring 1997.
Taluswood (Townhomes and single-family lots for sale)	37%	216	Construction of Phase I (16 units) to be completed December 1996. Future units to be developed over four to five year period.
Blackcomb Lands	74%	120	Land to be developed over two to three year period.
SNOWSHOE			
Snowshoe Lands	100%	Approx. 900	Land to be developed over 10 year period.

Project Name and Description	Ownership Interest	Total Units	Status at August 31, 1996
TREMBLANT			
Intrawest Resort Club at Tremblant	N/A	144	Construction of Phase I (24 units) completed May 1995; 25% of points sold to date.
Château Mont Tremblant (Full service Canadian Pacific hotel with conference centre; 49 condominium units for sale with retail and restaurant space)	56%	308	Construction started August 1995 with scheduled completion November 1996.
Residence Inn by Marriott (Condominium-hotel units for sale)	100%	98	Construction completed March 1996; 78 units sold.
Le Johannsen/Le Deslauriers (Condominium-hotel units for sale with retail and restaurant space)	77%	123	Construction completed August 1995; 114 units sold.
Le Saint Andrew's (Single-family lots for sale)	100%	14	Construction of infrastructure completed August 1994; 5 lots sold.
Le Chalumeau (Townhomes for sale)	100%	22	Construction of Phase I (14 units) completed January 1995; fully sold. Construction of Phase II (8 units) completed April 1996; 6 units sold.
Le Kandahar (Condominium-hotel units for sale with retail space)	100%	104	Construction started July 1996 with scheduled completion May 1997.

Project Name and Description	Ownership Interest	Total Units	Status at August 31, 1996
TREMBLANT *cont.*			
L'Héritage (Townhomes for sale)	100%	18	Construction of Phase I (8 units) completed May 1996; 5 units sold. Construction of Phase II (10 units) to begin September 1996.
Les Hauts Bois I (Townhomes for sale)	100%	22	Construction completed August 1996; 12 units sold.
Les Pignons (Detached townhomes for sale)	100%	15	Construction of Phase I (5 units) completed May 1996; 4 units sold. Construction of 10 units to begin September 1996.
L'Algonquin (Townhomes for sale)	100%	36	Construction of Phase I (18 units) to begin October 1996.
Shops, Restaurants, Retail	72%	109,000 sq. ft.	Construction of 98,000 sq. ft. completed; balance under construction.
Mont Tremblant Lands (Land for future development)	100%	Approx. 2,000	Land to be developed over 10 to 15 year period.
KEYSTONE			
Jackpine/Black Bear Lodge (Condominium units for sale with retail and restaurant space)	50%	61	Construction completed March 1996; 59 units sold.
Ski Tip Ranch (Townhomes for sale)	50%	50	Construction of Phase I (28 units) completed February 1996; 20 units sold. Construction of Phase II (22 units) to begin spring 1997.
Arapahoe Lodge (Condominium units for sale with retail and restaurant space)	50%	41	Construction started June 1996 with scheduled completion February 1997; 31 units pre-sold.
Silver Mill (Condominium units for sale with retail and restaurant space)	50%	130	Construction started June 1996 with scheduled completion November 1997; 88 units pre-sold.
Trappers Crossing (Townhomes for sale)	50%	36	Construction of Phase I (18 units) started July 1996 with scheduled completion February 1997; 9 units pre-sold. Construction of Phase II (18 units) to begin spring 1997.
Shops, Restaurants, Retail	50%	Approx. 66,000 sq. ft.	Construction of Phase I (23,000 sq. ft.) completed December 1995. Construction of Phase II (11,000 sq. ft.) started June 1996 with scheduled completion November 1996. Construction of Phase III (32,000 sq. ft.) started June 1996 with scheduled completion December 1997.

Project Name and Description	Ownership Interest	Total Units	Status at August 31, 1996
KEYSTONE *cont.*			
Keystone Lands (Land for future development)	50%	Approx. 3,000	Land to be developed over 10 to 15 year period.
PANORAMA			
Toby Creek and Horsethief Condominiums (Existing condominiums)	100%	47	Renovate and sell existing condominium units over the next 2 years.
Timeshare (Vacation ownership units)	100%	337 weeks	138 weeks sold.
Panorama Golf Course (18-hole course)	50%	N/A	Construction started August 1996 with scheduled completion spring 1998.
Condominium-hotel units and Day Lodge with retail and restaurant space	100%	77	Construction to begin spring 1997.
Base Area Redevelopment and Golf Course Development Lands	100%	Approx. 1,050	Land to be developed over 10 year period.
MAMMOTH			
Lodestar Golf Course (18-hole course)	40%	N/A	Construction started August 1996 with scheduled completion spring 1998.
Lodestar Development Lands	75%	Approx. 1,000 units and 80,000 sq. ft. of commercial space	Land to be developed over 10 year period.
Juniper Ridge/Deer Creek (Condominium-hotel units and townhomes for sale)	100%	Approx. 400 units	Construction to begin summer 1997.
North Village	100%	Approx. 1,000 units and 75,000 sq. ft. of commercial space	Land to be developed over 10 year period.
SUN PEAKS			
Alpine Greens	100%	26	Construction completed July 1996; 21 units sold.
Future multi-family sites	100%	Approx. 250	Multi-family sites to be developed over 7 year period.

Five-Year Historical Review

Fiscal year ended	1996	1995*	1994	1993	1992**
		(in thousands of dollars except per share amounts)			
Consolidated Operations					
Revenue					
Ski and resort operations	$165,282	$102,539	$ 75,562	$ 57,433	$ 54,866
Real estate - resort	112,253	46,719	33,680	23,699	16,086
Other	5,802	3,671	1,372	3,717	18,328
Total revenue	283,337	152,929	110,614	84,849	89,280
Expenses					
Ski and resort operations	123,910	78,591	59,345	45,882	44,306
Real estate - resort	96,258	38,791	26,518	17,735	12,273
Interest	14,017	6,951	6,699	4,693	4,475
Depreciation and amortization	17,166	10,027	9,299	7,635	6,989
General and administrative	7,567	4,597	2,450	4,604	3,231
Other	4,762	4,145	1,708	548	1,364
Total expenses	263,680	143,102	106,019	81,097	72,638
Income from continuing operations	19,657	9,827	4,595	3,752	16,642
Results of discontinued operations	(819)	1,913	10,460	11,426	3,510
Net income	$ 18,838	$ 11,740	$ 15,055	$ 15,178	$ 20,152
Income per share					
Income from continuing operations	$ 0.85	$ 0.43	$ 0.21	$ 0.19	$ 0.87
Net income	$ 0.82	$ 0.51	$ 0.70	$ 0.75	$ 1.06
Weighted average number of shares (in thousands)	23,048	22,983	21,405	20,119	19,101
Consolidated Cash Flows					
Ski and resort operations	$ 41,372	$ 23,948	$ 16,217	$ 11,551	$ 10,560
Real estate - resort	15,995	7,928	7,162	5,964	3,813
Net interest income (expense)	(12,580)	(5,635)	(4,328)	(2,267)	(2,167)
General and administrative	(7,567)	(4,597)	(2,450)	(4,604)	(3,231)
Other	(1,428)	1,243	(882)	534	1,954
Total cash flows	$ 35,792	$ 22,887	$ 15,719	$ 11,178	$ 10,929
Cash flow per share (after providing for non-controlling interest)	$ 1.34	$ 0.80	$ 0.62	$ 0.45	$ 0.50
Consolidated Balance Sheets					
Assets					
Ski and resort operations	$278,031	$216,012	$168,212	$136,651	$110,821
Properties - resort	207,083	152,908	120,392	63,982	46,390
- discontinued operations	102,367	178,103	204,645	307,744	258,385
Other	166,234	111,529	135,753	106,315	86,022
Total assets	$753,715	$658,552	$629,002	$614,692	$501,618
Liabilities and shareholders' equity					
Bank and other indebtedness	$380,228	$315,621	$300,629	$346,316	$254,714
Other liabilities	83,554	66,510	62,834	51,896	46,791
Shareholders' equity	289,933	276,421	265,539	216,480	200,113
Total liabilities and shareholders' equity	$753,715	$658,552	$629,002	$614,692	$501,618
Debt to equity ratio	1.31	1.14	1.13	1.60	1.27
Capital expenditures - ski and resort operations	$ 28,098	$ 28,990	$ 40,467	$ 32,826	$ 12,581

* The Company changed its year end to June 30 from September 30, effective in 1995. The 1995 figures reflect a nine-month operating period to June 30, 1995.
** Includes $13,572,000 ($0.71 per share) related to a dilution gain on the sale of a partnership interest in Blackcomb.

Management's Discussion and Analysis

Review of Operations

1996 was an important year for Intrawest. The Company achieved significant growth in income and cash flow from its resort businesses and considerable progress was made in the disposition of non-resort assets. The growth in resort profitability was due partly to new acquisitions in 1996 and, perhaps more importantly, to increased profits at existing resorts.

Net income was $18.8 million in the 12 months ended June 30, 1996 compared with $11.7 million in the nine month period ended June 30, 1995. Income per share increased from $0.51 in 1995 to $0.82 in 1996. The results of the non-resort business are disclosed as discontinued operations in the consolidated financial statements in 1996 and the comparative figures have been restated for 1995. Net income from continuing operations (i.e. ski and resort operations and resort real estate) doubled from $9.8 million in 1995 to $19.7 million in 1996. This increase was partially offset by the results of discontinued operations which incurred a loss of $0.8 million in 1996 compared with income of $1.9 million in 1995.

Cash flow from operations (which does not include the results of the discontinued non-resort business) increased 56% from $22.9 million in 1995 to $35.8 million in 1996 and cash flow per share increased from $0.80 to $1.34.

During 1995 the Company changed its year end from September 30 to June 30 so that fiscal reporting would more closely match the operating cycle of the resort businesses. The 1995 fiscal period is therefore nine months whereas 1996 is twelve months. The different fiscal periods contribute to some of the variations noted in the analysis which follows.

Review of Ski and Resort Operations

During 1996 significant growth was achieved in both revenue and profitability of Intrawest's ski and resort operations. This growth is due to new acquisitions and to the realization of revenue enhancement and cost control programs at existing resorts.

With the acquisition of Snowshoe in November 1995 and 33% of Mammoth in December 1995, the Company now has interests in six geographically diversified resorts. Mammoth has been accounted for as an equity investment and Intrawest's share of Mammoth's net income has been disclosed as income from equity accounted investment in the consolidated statements of operations. The discussion in this section of the Management's Discussion and Analysis therefore excludes the impact of Mammoth.

Revenue from ski and resort operations was $165.3 million in 1996, an increase of 61% from 1995. The acquisition of Snowshoe added $31.7 million to revenue. On a same-resorts basis (i.e. excluding Snowshoe), ski and resort operations revenue increased 30% from $102.5 million to $133.6 million. The longer fiscal period in 1996 accounted for about one-third of the increase and the balance was attributable to improvements in revenue per visit during the ski season and increased revenues during the summer and shoulder seasons.

On a same-resorts basis, winter skier visits increased by 3% to 2,073,000 and Snowshoe added a further 411,000 visits:

	1996	1995
Blackcomb	954,000	972,000
Tremblant	533,000	536,000
Panorama	146,000	133,000
Stratton	440,000	362,000
Snowshoe	411,000	–
	2,484,000	2,003,000

The small declines in skier visits at Blackcomb and Tremblant were mainly due to variations in regional weather conditions during different parts of the season. More focused marketing at Panorama, designed to increase traffic at slower times of the season, combined with consistently good conditions throughout the season, produced a 10% improvement in skier visits at that resort. Stratton's skier visits in 1996 rebounded to historic levels after an unusually low total in 1995 caused by poor weather and below average snowfall.

Skier visits should not be looked at independently of revenues. The management of visits and revenue per visit is key in maximizing operating profits at the Company's resorts. Annual shifts in visits are not of themselves particularly meaningful. What is more important is the mix of visits (i.e. destination versus day skier) and the timing of visits (i.e. peak versus non-peak).

While skier visits increased by 3% on a same-resorts basis in 1996, revenue per visit increased by 26% from $51.19 to $64.43. Revenue per visit is a function of average ticket prices and ticket yields and the revenue from non-ticket sources such as ski school, food services, retail shops and so on. Ticket yields reflect the amount of discounting off full price tickets and the mix of ticket types (i.e. adult, child, season pass, group, etc.). Yield management is a critical component of the Company's operating strategy, particularly in terms of driving visits to non-peak periods and maximizing revenues on peak days. Increasing revenue from non-ticket services and increasing revenue during the summer and shoulder seasons are equally important goals.

The 26% improvement in same-resorts revenue per visit was due to:

Increased ticket prices and ticket yields	7%
Improvements in non-ticket revenue	11%
Longer fiscal period in 1996	8%
	26%

Lift ticket prices across all resorts increased by between 2% and 8% during 1996 with a weighted average (based on visits) increase of 5%. Ticket yields improved from a weighted average rate of 59% in 1995 to 62% in 1996 (i.e. in 1995 the average skier at Intrawest's resorts paid 59% of a full price weekend adult ticket compared with 62% in 1996). Note that these yields reflect reduced prices for children, group rates, season passes, frequent skier cards, complimentary tickets and so on.

Each resort showed an increase in non-ticket revenue per visit in 1996. Excluding the impact of the longer fiscal period, the increase ranged from a 4% improvement at Panorama to over 30% at Tremblant. The increase at Tremblant was due mainly to higher destination visits as a result of a doubling of available bed units in the village in 1996.

The acquisition of Snowshoe increased revenue per

skier visit across all resorts by a further $2.11 to $66.54. Snowshoe has a higher revenue per visit than any of Intrawest's other resorts because it derives about 95% of its business from destination visitors. As a general rule, destination resorts achieve a higher revenue per visit than regional ski areas because the destination visitor tends to be less price sensitive than the day visitor and spends significantly more on non-ticket services. In addition, since Snowshoe is a fully integrated resort which operates the majority of total resort facilities, it currently captures a greater share of total visitor spending at its resort than any of Intrawest's other resorts.

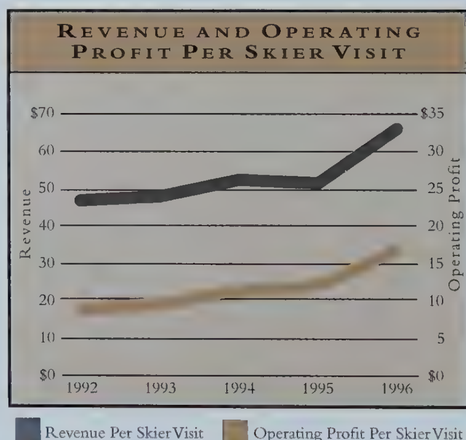
One of Intrawest's key operating objectives over the past few years has been to increase its ratio of ski and resort operation revenue to fixed assets, especially at Blackcomb and Tremblant where the Company has invested in significant new capital improvements. An improvement in the revenue to assets ratio can be achieved by lengthening the operating season, increasing total visits without increasing assets and increasing revenue per visit. The ratio of revenue to assets improved from 53% in 1995 to 67% in 1996. This increase was due to the 26% rise in same-resorts revenue per visit and to the acquisition of Snowshoe, which has a revenue to assets ratio in excess of 70%.

Lift ticket revenues continue to contribute the greatest proportion of revenues from the complement of services offered at the resorts, however the proportion is declining. Lift ticket sales accounted for 46% of total ski and resort operation revenue in 1996 compared with 52% in 1995. The decrease is due to the shorter fiscal period in 1995 since relatively more non-ticket revenue is derived from the summer months, the acquisition of Snowshoe which derives about 60% of its revenue from non-ticket services and increased revenue from summer activities, particularly at Tremblant.

Operating profit from ski and resort operations (measured as earnings before interest, taxes and depreciation) increased by $17.5 million to $41.4 million in 1996 as a consequence of improvements in same-resorts operating profits and the acquisition of Snowshoe. The following chart provides a departmental breakdown of the increase:

	1996			1995		
	(millions of dollars)					
	Revenue	Operating Profit	Margin	Revenue	Operating Profit	Margin
Lifts	$ 76.6	$43.9	57%	$ 53.9	$30.3	56%
Ski school	9.1	2.7	30%	6.5	2.1	32%
Retail shops	27.8	8.7	31%	17.8	4.6	26%
Food services	22.2	4.8	22%	11.5	2.5	22%
Lodging and property management	21.4	8.1	38%	9.7	2.6	27%
Golf, tennis and other	8.2	2.1	26%	3.1	0.2	6%
	165.3	70.3	43%	102.5	42.3	41%
Marketing and human resources expenses		(12.3)	–		(7.3)	–
Insurance and administrative expenses		(16.6)	–		(11.1)	–
	$165.3	$41.4	25%	$102.5	$23.9	23%

Each resort contributed higher operating profit in 1996. The increases were mainly attributable to higher revenue per visit combined with improved cost control particularly during non-peak periods. The nine-month fiscal period in 1995 positively impacted gross profit in that year because the Company's resorts incur normal seasonal losses during the July to September quarter.



Similarly, Snowshoe's contribution was higher in 1996 than it would be in a normal year since seasonal losses during the July to October period occurred prior to the date of acquisition.

Human resources, insurance, marketing and administrative expenses at the resorts increased to $28.9 million in 1996 from $18.4 million in 1995. The acquisition of Snowshoe accounted for $4.6 million of the increase and administration costs attributable to the additional three-month fiscal period in 1996 accounted for most of the balance. As a percentage of ski and resort operations revenue these costs were 18%, the same level as in each of the past three years.

Review of Resort Real Estate Operations

Revenue from the sale of resort real estate increased 140% to $111.4 million from $46.5 million in 1995. The first townhome and condominium sales were realized at Keystone in 1996 and sales at Blackcomb and Tremblant increased by 86% and 180%, respectively.

	1996	1995	Increase
	(millions of dollars)		
Blackcomb	$ 51.8	$27.9	$23.9
Tremblant	26.3	9.4	16.9
Keystone	15.8	0.3	15.5
Sun Peaks	2.6	–	2.6
Panorama	0.7	–	0.7
Resort Club	14.2	8.9	5.3
	$111.4	$46.5	$64.9

The majority of the sales at Blackcomb were generated by Blackcomb Springs and The Woods. In addition, Intrawest sold out its remaining inventory of Woodrun units and Millars Pond lots. The Company's success in selling these projects points to the benefits of developing a diverse range of product types targeted to different market segments. Projects are differentiated not only by location (e.g. slopeside vs. golf course) and type (e.g. condo-hotel vs. townhome) but also by price. Units at Blackcomb Springs, for example, sold for about $100 per square foot more than units at The Woods but, because of their small size, the average Springs unit sold for almost

$100,000 less than the average Woods unit.

Two village condo-hotel projects - the Johannsen & Deslauriers and the Marriott Residence Inn - produced about 80% of the sales at Tremblant during 1996. Sales prices at Tremblant continued to rise during 1996 with the Marriott achieving over $250 per square foot. At Keystone the Company sold 54 units in Jackpine and Black Bear, the first condo-hotel properties in River Run Village, and 19 units in Ski Tip, the first townhome development. Sales prices averaged U.S. $300-310 per square foot for the condo-hotel units and U.S. $250-260 per square foot for the townhomes, considerably above rates previously achieved by other developers at Keystone.

In total, excluding the resort club, Intrawest closed 474 sales transactions in 1996 in 15 different projects compared with 254 transactions in 10 different projects in 1995. In addition to Keystone, the first sales were realized at Sun Peaks and Panorama during 1996. Stratton, Mammoth and Snowshoe are scheduled to generate their initial sales during the next two years. The Company has created a pipeline of resort developments designed to produce consistent and growing earnings in the future.

The resort club contributed $14.2 million of sales revenue in 1996 compared with $8.9 million in 1995. The increase was due to sales at the Tremblant club location which were included in revenue for the first time in 1996. All operations of the Tremblant club location were capitalized to June 30, 1995 as fixturing was completed, marketing programs were developed and staff were trained.

Intrawest's resort club business has been designed around a flexible "point" system rather than the sale of fixed weeks. Each accommodation type in a project is assigned a fixed point value for each day of the week for each season and purchasers buy points according to their vacation preferences. Points can be used at any existing or future club locations and, by exchange, at Interval International and Disney Vacation Club locations. During 1996 the Company sold 119,770 points in 886 sales transactions at both club locations. By comparison, revenue in 1995 reflects 84,695 points sold in 554 transactions. The average number of points sold per transaction declined from 152 in 1995 to 135 in 1996 principally because of the impact of a lower

RESORT REAL ESTATE REVENUE AND OPERATING PROFIT
(in millions of dollars)

average at the Tremblant club location. The price per point was the same for both club locations and increased from $115 to $120 during 1996. As a result, the average price per point sold increased from $105 in 1995 to $119 in 1996.

Despite an increase in resort club sales over the previous year, sales in 1996 were below management's budget. A longer than anticipated start-up period impacted results at Tremblant and issues related to the establishment of a strong sales program affected results at both club locations.

Operating profit on resort real estate sales doubled from $7.8 million in 1995 to $15.7 million in 1996. The results for 1996 were reduced by losses incurred on resort club sales as the Company expensed a greater proportion of resort club costs. In 1995 the resort club had realized a small profit as start-up costs were capitalized. The gross margin on resort real estate sales declined from 17% in 1995 to 14% in 1996 due to the resort club and to the mix of profit contributions from the different resorts. While the gross margin at Blackcomb and Tremblant increased in 1996, this improvement was offset by lower margins at Keystone, Panorama and Sun Peaks which is normal in the initial period of development of a resort.

Review of Corporate Operations

Income from Equity Accounted Investment

Effective December 22, 1995, Intrawest acquired 33% of Mammoth's ski and resort operations. The transaction has been accounted for as an equity investment and the Company's proportionate share of Mammoth's net income since the acquisition date, amounting to $4.6 million, has been included as a single line in the consolidated statements of operations.

Intrawest's share of Mammoth's ski and resort operation net income is likely to be lower in future years than it was in 1996 because of the timing of the acquisition. Normal seasonal losses incurred in the period from July to November will reduce net income from Mammoth in future years.

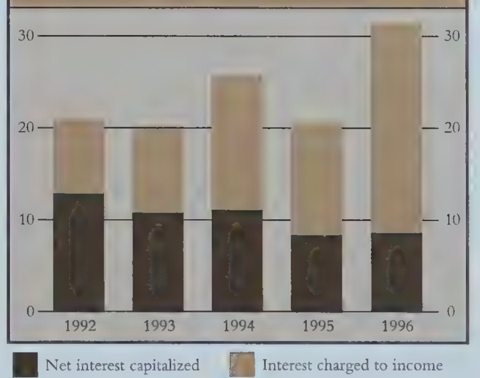
Interest and Other Income

Interest and other income decreased by $2.5 million in 1996 to $1.2 million. Interest income on cash balances and receivables was $1.3 million in both 1996 and 1995 but other income was $2.4 million in 1995 compared with a net loss of $0.1 million in 1996. Other income in 1995 included $1.4 million of fees in connection with Château Tremblant and other joint ventures.

Interest Costs

The Company incurred total interest costs of $32.4 million in 1996 compared with $20.1 million in 1995.

INTEREST COSTS
(in millions of dollars)



The acquisition of Snowshoe increased interest by $2.2 million, the additional three-month fiscal period in 1996 accounted for a further $6.7 million, and the balance was due to interest on increased debt to fund capital improvements at the resorts and real estate development activity.

Incurred interest is either capitalized to properties and resort assets under development or charged to income. During 1996, $24.3 million of interest was charged to income – $14.0 million as interest expense, $6.0 million as a component of real estate costs, $0.9 million within ski and resort operation expenses and $3.4 million in discontinued operations. By comparison, in 1995 $12.0 million of interest was charged to income. As Intrawest has expanded its ski and resort operations and started to generate real estate sales at resorts such as Keystone, the proportion of interest incurred charged to income has increased - from 57% in 1994 to 60% in 1995 and 75% in 1996.

Interest coverage measures a company's ability to fund interest costs from operations. Intrawest targets to cover its expensed interest by at least 2.0 times and its incurred interest by more than 1.2 times. Expensed interest coverage was 2.0 times (based on total interest charged to income) in 1996 compared with 2.3 times in 1995 and incurred interest coverage increased from 1.4 times in 1995 to 1.5 times in 1996. The Company is working to increase these coverages and expects that they will rise as equity from the non-resort assets is reinvested in higher return resort businesses and as the resort businesses mature further.

Depreciation and Amortization

Depreciation and amortization expense increased from $10.0 million in 1995 to $17.2 million in 1996. The longer fiscal period in 1996 accounted for $3.3 million of the increase and Snowshoe added a further $1.4 million. The balance was attributable primarily to depreciation on new capital expenditures at the resorts and amortization of deferred charges.

General and Administrative Costs

All general and administrative costs incurred by the resorts are included in ski and resort operation expenses. Corporate general and administrative costs increased from $4.6 million in 1995 to $7.6 million in 1996. Approximately 60% of the increase was due to the longer fiscal period in 1996 and $0.5 million related to administrative costs associated with the expansion of the resort club business that were expensed rather than being capitalized to future properties. The Company continually reviews its overhead costs and has instituted procedures to reduce or eliminate costs where appropriate.

Income Taxes

The Company recorded current income taxes, consisting mainly of Large Corporations Tax, in 1996 and 1995 of $1.2 and $0.8 million, respectively. No other tax provision was required in either year primarily because of tax shelter arising from differences between the tax value and book value of certain ski and resort operation assets and because of the realization of certain tax losses. Additional information is provided in Note 12 of the consolidated financial statements.

Discontinued Operations

The consolidated financial statements disclose the results of the Company's non-resort business as discontinued operations. Although the decision to divest the non-resort properties was made in 1994 a formal plan of disposal did not exist at that time. Intrawest now expects to sell all the remaining non-resort properties within the next two years.

During 1996 Intrawest sold Station Tower to a limited partnership for $50 million. As part of the consideration Intrawest retained a $7.5 million investment in the limited partnership which entitles it to participate in cash flow generated by the building. While the transaction resulted in a small loss, it eliminated the largest non-resort asset and the largest amount of non-resort debt from the Company's balance sheet. In addition the Company sold a further $37.0 million of non-resort properties in 1996 including all of its remaining units in Cornerstone and Arbor Place and the Shaughnessy Station retail site.

The discontinued operations incurred a loss of $0.8 million in 1996 compared with a profit of $1.9 million in 1995. The difference relates primarily to losses on property sales and rentals which were recorded in 1996. Given current market conditions, Intrawest expects that its remaining non-resort properties will be sold at approximately book value.

Review of Assets

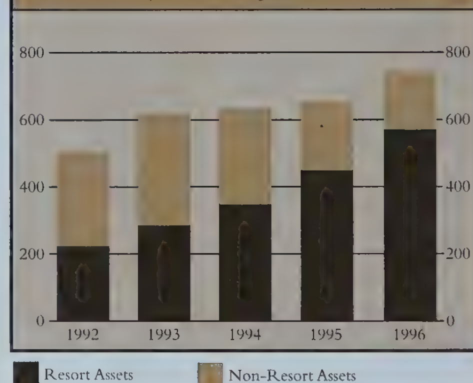
Total assets grew by $95.2 million during 1996 with an increase in assets of $160.5 million related to resort businesses being partially offset by a decline in assets of $65.3 million related to discontinued non-resort businesses. These results reflect progress toward achieving the Company's objective of selling all non-resort assets so as to focus purely on resort opportunities.

The $160.5 million increase in resort assets during 1996 was due to:

	(millions of dollars)
Acquisition of Snowshoe ski and resort operation assets	$ 50.7
Acquisition of Mammoth real estate and resort assets	39.8
Net increase in ski and resort operation assets excluding acquisitions	12.1
Net increase in resort real estate excluding acquisitions	30.7
Net increase in cash, receivables and other assets	27.2
	$160.5

The $11.8 million increase in ski and resort operation assets represents $28.1 million of new capital improvements reduced by $16.0 million of depreciation and amortization expense. Almost half of the capital improvements were

Growth In Resort Assets
(in millions of dollars)



made at Stratton including a six-passenger detachable chairlift and upgrades to the snowmaking and sewage disposal systems. For the 1996/97 season, the Company is spending about $30 million on capital improvements at its resorts, most of which is being financed with available cash. About one-third of the total cost will be spent on further expanding and upgrading Stratton's snowmaking system.

The $30.7 million net increase in resort real estate assets is comprised of $19.0 million of net additions at Tremblant, $9.3 million at Keystone and $2.4 million at the other resorts. The increase at Tremblant was primarily due to construction of Château Tremblant which is expected to be completed in November 1996.

The $65.3 million decrease in non-resort assets constitutes $75.7 million of net property disposals (principally Station Tower) offset by $10.4 million of net additions to receivables and other assets. A substantial part of the increase in receivables and other assets relates to the condo-conversion program currently underway at Belltown Court in Seattle.

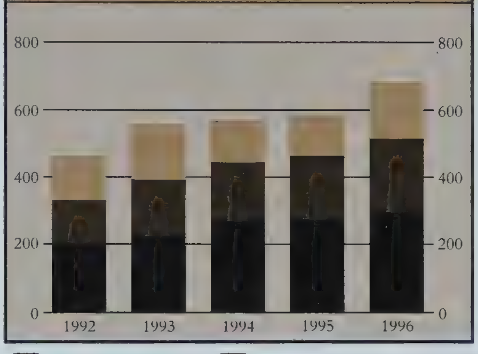
Capital Structure and Liquidity

At June 30, 1996, total debt amounted to $380.2 million, an increase of $64.6 million from June 30, 1995. The increase was due to:

	(millions of dollars)
Acquisition of Snowshoe	$43.8
Acquisition of Mammoth real estate	21.2
New unsecured general corporate debt	20.5
New ski and resort operation debt	28.3
Repayment of non-resort real estate debt	(48.9)
Other	(0.3)
	$64.6

Intrawest's debt to equity ratio was 1.31 to 1 at June 30, 1996 compared with 1.14 to 1 at June 30, 1995. During 1996 the debt to equity ratio varied between 1.10 to 1 and 1.50 to 1 depending upon the time of year. Typically ski and resort operation debt rises during the summer and fall as seasonal cash flow is at a minimum, operating lines are fully drawn and capital expenditure programs are underway. This is also the period during which real estate construction is at its peak and construction loans

CAPITAL STRUCTURE
(in millions of dollars)



are fully advanced. Debt levels in the December to May period, on the other hand, are normally at their lowest point as this is the busiest part of the resort season and real estate construction is completed and financing is repaid. Intrawest has targeted a maximum debt to equity ratio of 1.75 to 1.

At June 30, 1996, 59% of total debt bore interest at floating rates, down slightly from 60% at June 30, 1995. Interim financing for real estate construction is normally arranged on a floating rate basis. Since the Company is engaged primarily in the development of projects with a short construction and sell-out timetable, exposure to higher interest rates on construction financing is not significant. Debt on defined income-stream properties (for example commercial rental properties) is normally arranged on a longer-term, fixed-rate basis with the objective of matching the financing with the duration characteristics of the property. It is also the Company's policy to fix the interest on approximately 50% of its ski and resort operation debt, although a lower proportion may be hedged temporarily in anticipation of a refinancing. Currently, approximately two-thirds of ski and resort operation debt carries floating interest rates because of the refinancings of Tremblant and Snowshoe in the first six months of fiscal 1997. A 1% change in the rate of interest on this debt would impact annual earnings by about $1.4 million before income taxes.

The Company successfully retired or refinanced $82.8 million of debt which matured during 1996. Within the next 12 months $121.3 million of debt is scheduled to mature. The largest single component of this amount ($43.8 million) relates to the ski and resort operations at Snowshoe and refinancing plans are well underway. Property sales are expected to repay $19.3 million and $58.2 million is scheduled to be refinanced or repaid from operating cash flow and existing cash balances.

At June 30, 1996, the Company was contingently liable for $37.6 million of debt which was assumed by the purchasers on the bulk sale of non-resort properties in April 1994. This contingent liability declined by $19.6 million during 1996 and is expected to decline below $20 million during fiscal 1997 as the properties are sold in the normal course. Intrawest does not foresee at this time a risk that its guarantee will be called since there is adequate asset coverage of the debt and the purchasers have indemnified the Company for any losses that may arise.

In its real estate projects as well as its resort operations, Intrawest ensures that capital is not committed unless substantially all of the funds are available or financing has been arranged. At June 30, 1996, costs to complete properties and ski and resort assets under construction totalled $118.2 million and financing commitments were in place for $100.7 million of these costs.

Intrawest seeks to increase its available liquidity by maximizing its cash flow from operations and by ensuring it has ready access to new capital. Cash flow from operations increased by $12.9 million to $35.8 million in 1996. Ski and resort operations generated $11.8 million more cash flow (net of interest expense) in 1996 and cash flow from resort real estate increased by $8.1 million. These increases in cash flow were offset by a $7.0 million reduction in interest and other income and higher corporate expenses, due mainly to the longer fiscal period in 1996.

Intrawest's target is to retain at least $30 million of cash balances and unused lines of credit at all times. At

June 30, 1996, the Company held cash and unused lines of $35.7 million compared with $30.1 million at June 30, 1995.

Intrawest plans to sell its remaining non-resort properties within the next two years. The Company has $52.6 million of equity in these assets which is expected to be converted into cash as the assets are sold. The majority of this equity is in five rental properties which collectively generate cash flow that exceeds debt servicing costs by approximately $1.6 million. During 1996 cash started to be collected on the $31.7 million note receivable which the Company took back on the bulk sale of non-resort properties to two partnerships in April 1994. Further principal and interest payments totalling $14.3 million are due to be received in the next 12 months. The partnerships have advised that the development and sale of the properties is taking longer than originally forecast and the delay in realizing cash flow may necessitate short-term deferments of a portion of these payments.

Risk and Risk Management

Intrawest's resort operations and resort real estate businesses are managed to deal with risks that are common to most companies, i.e. the risks of severe economic downturn, competition and currency fluctuations and the more industry-specific risks of unfavourable weather patterns and construction overruns.

Economic Downturn

A severe economic downturn could reduce spending on resort vacations and weaken sales of recreational real estate. Although skiing is a discretionary recreational activity that one might expect to be impacted by a significant economic slowdown, Intrawest's operating results have historically not exhibited this pattern. Through nine years of ownership of Blackcomb, during which time economic conditions varied widely, cash flow increased every year. One of the reasons for this is that Blackcomb, as well as Intrawest's other resorts, attracts customers who have incomes well above the national average and are therefore less likely to have their vacation plans impacted by an economic recession. In addition, Intrawest's resorts draw their visitors fróm a wide variety of locations and this diversity shelters these resorts somewhat from regional economic conditions.

Real estate developers face two major risks from an economic downturn: land risk and completed inventory risk. Land risk arises when land is purchased with debt and economic conditions deteriorate resulting in higher holding costs and reduced profitability, or worse, loan defaults and foreclosure action. Intrawest seeks to reduce its land risk either by acquiring land at low cost with the purchase of a resort or by securing land through options and joint ventures. The extensive land holdings at Tremblant, Stratton and Snowshoe were all low cost acquisitions with the resort. At Blackcomb, the Company secured its land holdings through an option rather than an outright purchase. Options are exercised for specific project sites only when permits are in place and construction is set to start. Intrawest secured its land holdings at Keystone by forming a joint venture with the land owner under which land is only paid for as completed units are sold and construction financing is repaid. A similar payment mechanism is in place for the land at Mammoth.

Completed inventory risk arises when completed units cannot be sold and construction financing cannot be repaid. Intrawest has mitigated this risk by pre-selling a significant portion of its units prior to commencement of, and during, construction. At June 30, 1996, the Company had only 77 unsold units in its resort real estate inventory and 70% of the approximately 500 resort units under construction were pre-sold. The risk of carrying surplus inventory is also reduced by concentrating on woodframe developments. This type of product has a short construction timetable which means that it is less vulnerable to market shifts prior to completion. It also allows units to be delivered to market on a phased basis as demand dictates.

Competition

Intrawest's resorts face competition from other mountain resorts and other resort vacation alternatives. The competitive position of the Company's resorts is dependent upon many variables including location and accessibility, quality of snow conditions and terrain, extent and quality of resort facilities, quality of service and reputation. The large-scale resorts such as Blackcomb, Tremblant and Mammoth, with their modern facilities and comprehensive amenities, are attracting a higher proportion of visitors while under-capitalized smaller resorts have been disappearing. At the same time as the ski resort industry has been consolidating, new resorts have not been emerging. Environmental considerations and the huge up-front capital cost have created barriers to entry and therefore inhibited potential competition.

Intrawest has invested heavily over the past few years in capital improvements at Blackcomb and Tremblant putting these resorts among the most technologically advanced in North America. In addition, extensive amenities outside of skiing give these resorts broad market appeal. At Stratton a new six-passenger high-speed chairlift was installed during 1996 and extensive improvements to the snowmaking system are currently underway which should improve its competitive position. Both Snowshoe's and Panorama's physical attributes and fully integrated destination concept give them a strong position in their regional markets.

Intrawest also faces competition from other leisure industry companies. The Company's strategy is to build and establish a network of resorts and promote brand recognition to strengthen its competitive position vis-à-vis such competitors. The diversity of Intrawest's resorts in terms of vacation experience which provides guests with a variety of vacation choices within the Intrawest network also enhances the Company's competitive position.

With regard to resort real estate, one of the reasons supporting the Company's decision to cease non-resort real estate development was to concentrate its resources on those activities in which it had a clear competitive advantage. The development and sale of urban real estate is highly competitive since there are few barriers to entry. By contrast, the Company owns substantially all of the supply of developable land at the base of its resorts.

In the resort club business, Intrawest faces competition at Whistler from other timeshare operators. The Company has established a competitive position by offering a flexible point-based system and a high standard of accommodation. At Tremblant, the Company is the only provider of vacation ownership product. The Company is exposed to competition

from vacation ownership offerings at other resorts but is able to distinguish itself by the quality of its real estate and its resort amenities.

Currency Fluctuations

Over the past several years the Company's resort operations have benefited from the lower Canadian dollar relative to the U.S. dollar, the Japanese yen and European currencies. The price of a lift ticket at Intrawest's Canadian resorts has been 75% or less of the price at comparable U.S. resorts. Factoring in accommodation and food and beverage costs has made vacationing in Canada more affordable for destination visitors as well as Canadians. A significant shift in the value of the Canadian dollar, particularly against its U.S. counterpart, could impact the Company's earnings from its Canadian assets.

Intrawest finances its U.S. dollar assets with U.S. dollar debt and hence is not exposed to foreign exchange risk with respect to its debt servicing. In addition, cash flow generated by U.S. operations is generally retained in the United States and invested in expansion of U.S. assets. Similarly cash flow generated at the Canadian resorts is generally reinvested in Canada. Cross border cash transactions and currency exchanges are kept to a minimum.

Unfavourable Weather Conditions

In the ski industry it is important to be able to lessen the impact of severe and inconsistent weather conditions on skier visits and revenue per visit, while at the same time managing costs. Intrawest manages its exposure to unfavourable weather in three ways: by being geographically diversified, by seeking to spread its visits evenly through the seasons, and by investing in snowmaking.

Geographically diversified companies like Intrawest can reduce the risk associated with a particular region's economic and weather patterns. The 1995 and 1996 seasons provided good examples of the importance of geographic diversity. Favourable and unfavourable weather conditions at different times at the eastern and western resorts offset one another, allowing the Company to meet its overall budgets for the resort operations group. The more a resort can spread its visits evenly through the season the less vulnerable it is to unfavourable weather at a particular time. Intrawest seeks to spread its visits by marketing to destination visitors who book in advance and stay several days and by attempting to increase traffic mid-week and at non-peak times. The impact of poor natural snow conditions can also be mitigated by investing in snowmaking. Snowmaking is particularly important in eastern North America due to the number of competing resorts and less reliable snowfall. Intrawest has invested heavily in snowmaking over the past few years and for the upcoming season artificial snow can be produced on 75% of the skiable terrain at Tremblant and Stratton and 99% at Snowshoe.

Construction Overruns

Intrawest is not in the construction business but rather engages general contractors to construct its real estate projects. Typically contracts with general contractors are structured on a fixed-price basis so that cost overruns are at the contractor's risk. The Company does employ construction experts who oversee the general contractors and ensure that problems are properly and quickly resolved. The Company has also developed a comprehensive and sophisticated project reporting system which helps to prevent potential cost overruns from going undetected.

Outlook

Within the resort operations group, operating profit from Snowshoe and Intrawest's share of Mammoth's earnings will likely decline in 1997 because of the positive impact of the timing of these acquisitions on 1996 profits. Offsetting this decline, operating profits at Stratton, Tremblant and Blackcomb are expected to increase.

Capital improvements underway at Stratton, particularly to its snowmaking capability and its restaurant capacity, along with a more focused marketing program, are expected to increase revenues, revenue per visit, and operating profit at that resort. At Tremblant, operating profit is expected to increase as the 1997 season will see a doubling of Tremblant's available village bed units. Château Tremblant, scheduled to open in November 1996, adds 633 bed units and the Marriott Residence Inn which was completed in May 1996 contains a further 294 bed units. In addition Château Tremblant contains a 1,200-delegate convention centre which will drive visits in the shoulder seasons. At Blackcomb a further 2,000 bed units recently completed or currently under construction in Whistler Village will be available for the 1997 season. Blackcomb is also expected to benefit from the expansion of the Vancouver international airport which was completed in early summer 1996 and the "open skies policy" which has increased direct flights from key population centres in the United States.

With regard to real estate, an active development program at Blackcomb, Tremblant and Keystone will deliver a similar number of units in 1997 as in 1996. Work is proceeding at Stratton, Mammoth and Snowshoe to deliver sales in fiscal 1998 as resort master planning and rezoning is currently underway. The contribution of these new locations together with the One Whistler Village and Silver Mill property sales will cause a significant increase in revenue and contribution in fiscal 1998. Recent sales management and organizational changes at the resort club should positively impact real estate revenues and profits in 1997.

With respect to discontinued non-resort real estate, Intrawest intends to dispose of its remaining properties over the next 24 months. The Company expects, given current conditions, that the sale of these properties will be profit neutral. If market conditions deteriorate, or if the Company determines that more rapid sales are beneficial, full recovery of book value may not be attained on these assets.

Intrawest continues to explore new resort acquisitions and real estate joint venture opportunities, principally in the western United States.

Management's Responsibility

The consolidated financial statements of Intrawest Corporation have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the preparation and presentation of the information contained in the consolidated financial statements and other sections of the annual report. The Company maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for preparation of financial statements.

The Company's independent auditors, Coopers & Lybrand, have been appointed by the shareholders to express their professional opinion on the fairness of the consolidated financial statements. Their report is included below.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee which is composed entirely of outside directors. This committee reviews the consolidated financial statements and reports to the Board of Directors. The auditors have full and direct access to the Audit Committee.

Joe S. Houssian
Chairman, President and
Chief Executive Officer

Daniel O. Jarvis
Executive Vice President and
Chief Financial Officer

September 3, 1996

Auditors' Report

To the Shareholders of Intrawest Corporation

We have audited the consolidated balance sheets of Intrawest Corporation as at June 30, 1996 and 1995 and the consolidated statements of operations, retained earnings, cash flow from operations and changes in financial position for the year ended June 30, 1996 and the nine months ended June 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 1996 and 1995 and the results of its operations and the changes in its financial position for the year ended June 30, 1996 and the nine months ended June 30, 1995 in accordance with generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a consistent basis.

Vancouver, British Columbia
September 3, 1996

Coopers & Lybrand
Chartered Accountants

Consolidated Statements of Operations

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars except per share amounts)	
Revenue		
Ski and resort operations	**$165,282**	$102,539
Real estate sales	**111,397**	46,492
Rental properties	**856**	227
Income from equity accounted investment (note 2(a))	**4,621**	–
Interest and other income	**1,181**	3,671
	283,337	152,929
Expenses		
Ski and resort operations	**123,910**	78,591
Real estate costs	**95,699**	38,718
Rental properties	**559**	73
Interest (note 15)	**14,017**	6,951
Depreciation and amortization	**17,166**	10,027
General and administrative	**7,567**	4,597
	258,918	138,957
Income before income taxes, non-controlling interest and discontinued operations	**24,419**	13,972
Provision for current income taxes (note 12)	**1,172**	788
Income before non-controlling interest and discontinued operations	**23,247**	13,184
Non-controlling interest	**3,590**	3,357
Income from continuing operations	**19,657**	9,827
Results of discontinued operations (note 3)	**(819)**	1,913
Net income for the period	**$ 18,838**	$ 11,740
Income per share		
Income from continuing operations	**$ 0.85**	$ 0.43
Net income	**$ 0.82**	$ 0.51
Weighted average number of shares outstanding (in thousands)	**23,048**	22,983

CONSOLIDATED BALANCE SHEETS

As at June 30	1996	1995
	(in thousands of dollars)	
Assets		
Current assets		
Cash and short-term deposits (note 14(b))	**$ 28,761**	$ 17,877
Other assets (note 7(a))	**11,510**	8,893
Amounts receivable (note 6)	**61,369**	41,130
Properties (note 5)		
Resort	**80,613**	71,753
Discontinued operations	**34,828**	88,664
	217,081	228,317
Ski and resort operations (note 4)	**254,811**	216,012
Goodwill (note 2(b))	**23,220**	–
Properties (note 5)		
Resort	**126,470**	81,155
Discontinued operations	**67,539**	89,439
Amounts receivable (note 6)	**29,748**	33,682
Other assets (note 7(b))	**34,846**	9,947
	$753,715	$658,552
Liabilities		
Current liabilities		
Amounts payable	**$ 50,016**	$ 31,143
Deferred revenue	**3,137**	5,086
Bank and other indebtedness, current portion (note 8)	**121,299**	97,485
	174,452	133,714
Bank and other indebtedness (note 8)	**258,929**	218,136
Due to joint venture partners (note 10)	**15,069**	16,991
Deferred revenue	**5,373**	4,582
Non-controlling interest in subsidiaries	**9,959**	8,708
	463,782	382,131
Shareholders' Equity		
Capital stock (note 11)	**196,552**	197,991
Retained earnings	**90,385**	75,233
Foreign currency translation adjustment	**2,996**	3,197
	289,933	276,421
	$753,715	$658,552

Contingencies and commitments (note 14)

Approved on behalf of the Board

Joe S. Houssian
Director

Gordon H. MacDougall
Director

Consolidated Statements of Retained Earnings

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Retained earnings - beginning of period	**$75,233**	$67,176
Net income for the period	**18,838**	11,740
Dividends	**(3,686)**	(3,683)
Retained earnings - end of period	**$90,385**	$75,233

Consolidated Statements of Cash Flow From Operations

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars except per share amounts)	
Income before non-controlling interest and discontinued operations	**$23,247**	$13,184
Items not affecting cash		
Depreciation and amortization	**17,166**	10,027
Income from equity accounted investment	**(4,621)**	–
Gain on disposal of ski and resort operation assets	–	(324)
Cash flow from operations	**$35,792**	$22,887
Cash flow per share	**$ 1.34**	$ 0.80

Consolidated Statements of Changes in Financial Position

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Cash provided by (used for)		
Operating activities		
Cash flow from operations	**$35,792**	$22,887
Recovery of costs through real estate sales	**95,699**	38,718
Increase in amounts receivable, net	**(15,580)**	(2,338)
Acquisition and development of properties for sale	**(149,935)**	(66,549)
Other changes in non-cash operating working capital	**4,334**	(3,858)
Cash provided by (used for) discontinued operations	**66,785**	(3,228)
	37,095	(14,368)
Financing activities		
Bank and other borrowings, net	**64,607**	14,992
Issue of capital stock	**411**	2,018
Extinguishment of warrants, options and conversion privilege	**(1,850)**	–
Dividends paid	**(3,686)**	(1,831)
Distributions to non-controlling interests	**(2,339)**	(1,179)
	57,143	14,000
Investing activities		
Proceeds from revenue-producing properties, net	**7,817**	32,512
Expenditures on ski and resort operation assets	**(28,098)**	(28,990)
Acquisition of ski resort assets and investments	**(63,073)**	(35,649)
	(83,354)	(32,127)
Increase (decrease) in cash and short-term deposits	**10,884**	(32,495)
Cash and short-term deposits – beginning of period	**17,877**	50,372
Cash and short-term deposits – end of period	**$28,761**	$17,877

Notes to Consolidated Financial Statements

For the Year Ended June 30, 1996 and the Nine Months Ended June 30, 1995

Note 1 Significant Accounting Policies

General

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada as prescribed by The Canadian Institute of Chartered Accountants. The accounting policies and standards of financial disclosure followed are substantially in accordance with the Canadian Institute of Public Real Estate Companies, of which the Company is a member.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commencing in 1996, the consolidated balance sheet has been presented on a classified basis reflecting the change in strategic direction to concentrate exclusively on four-season ski resort operations and development. The comparative balance sheet has been restated to reflect this reclassification.

Principles of Consolidation

The consolidated financial statements include:

(a) the accounts of the Company and its subsidiaries;

(b) the accounts of all incorporated and unincorporated joint ventures and non-controlled partnerships, to the extent of the Company's interest in their respective assets, liabilities, revenues and expenses.

The Company's principal subsidiaries and controlled partnerships accounted for as subsidiaries are as follows:

	Percentage interest held by the Company
Blackcomb Skiing Enterprises Ltd.	96.60
Blackcomb Skiing Enterprises Limited Partnership	74.38
Mont Tremblant Resorts and Company, Limited Partnership	100.00
IW Resorts Limited Partnership	97.55
Intrawest Resort Ownership Corporation	100.00
Intrawest U.S.A., Inc.	100.00
Intrawest U.S. Holdings Inc.	100.00
Stratton Ski Corporation (note 2)	100.00
Snowshoe Resort, Inc. (note 2)	100.00

The Company accounts for its 33% participating investment in Mammoth Mountain Ski Area by the equity method (note 2).

Ski and Resort Operations

The assets of the ski and resort operations are stated at cost less accumulated depreciation. Costs of ski lifts, area improvements and buildings, including start-up costs incurred in pre-operating periods, are capitalized. Certain buildings and equipment are located on leased or licensed land which, in certain cases, the Company has options to purchase. Depreciation is provided over the estimated useful lives of each asset category using the declining balance method as follows.

Buildings	3.3% - 5%
Ski lifts	5% - 8%
Area improvements	2% - 3.3%
Automotive, furniture and other equipment	10% - 50%
Leased vehicles	20% - 25%

Inventories are recorded at the lower of cost and net realizable value.

Properties

(a) Properties under development and held for sale

Properties under development and held for sale are recorded at the lower of cost and net realizable value. Cost includes all expenditures incurred in connection with the acquisition, development and construction of these properties. These expenditures consist of all direct costs, interest on general and specific debt and general and administrative expenses. Revenue related specifically to such properties is treated as a reduction of costs.

Costs associated with the development and investigation of the vacation ownership business, including research, consulting, legal and other costs associated with the registration of the product and program are capitalized. These costs are amortized on a straight-line basis over ten years. Costs associated with the development of sales locations of the vacation ownership business, including operating and general and administrative costs incurred until a location is fully operational, are capitalized. Revenue related specifically to a location is treated as a reduction of costs during the start-up period. These costs are amortized on a straight-line basis over 7 years. The Company provides for write-downs where the carrying value of a particular property exceeds its net realizable value.

(b) Revenue-producing properties

Revenue-producing properties are stated at the lower of cost, net of accumulated depreciation, and the net recoverable amount. Certain special-purpose buildings, constructed for specific tenants, are depreciated on a straight-line basis over the term of the lease with the tenant, plus one renewal period. All other buildings are depreciated on a sinking fund basis at a rate of 5% over a term of 40 years. Leasehold improvements and other tenant inducements are amortized using the straight-line method over the term of the lease, plus one renewal period. Furniture and equipment are depreciated on a declining balance basis at 20% per annum.

(c) Classification

Properties that are currently under development and properties available for sale are classified as current assets. Related bank and other indebtedness is classified as a current liability.

Revenue Recognition

(a) Revenue from the sale of properties is recorded when title to the completed unit is conveyed to the purchaser and the purchaser becomes entitled to occupancy.

Consolidated Statements of Changes in Financial Position

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Cash provided by (used for)		
Operating activities		
Cash flow from operations	**$35,792**	$22,887
Recovery of costs through real estate sales	**95,699**	38,718
Increase in amounts receivable, net	**(15,580)**	(2,338)
Acquisition and development of properties for sale	**(149,935)**	(66,549)
Other changes in non-cash operating working capital	**4,334**	(3,858)
Cash provided by (used for) discontinued operations	**66,785**	(3,228)
	37,095	(14,368)
Financing activities		
Bank and other borrowings, net	**64,607**	14,992
Issue of capital stock	**411**	2,018
Extinguishment of warrants, options and conversion privilege	**(1,850)**	–
Dividends paid	**(3,686)**	(1,831)
Distributions to non-controlling interests	**(2,339)**	(1,179)
	57,143	14,000
Investing activities		
Proceeds from revenue-producing properties, net	**7,817**	32,512
Expenditures on ski and resort operation assets	**(28,098)**	(28,990)
Acquisition of ski resort assets and investments	**(63,073)**	(35,649)
	(83,354)	(32,127)
Increase (decrease) in cash and short-term deposits	**10,884**	(32,495)
Cash and short-term deposits - beginning of period	**17,877**	50,372
Cash and short-term deposits - end of period	**$28,761**	$17,877

Notes to Consolidated Financial Statements

For the Year Ended June 30, 1996 and the Nine Months Ended June 30, 1995

Note 1 Significant Accounting Policies

General

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada as prescribed by The Canadian Institute of Chartered Accountants. The accounting policies and standards of financial disclosure followed are substantially in accordance with the Canadian Institute of Public Real Estate Companies, of which the Company is a member.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commencing in 1996, the consolidated balance sheet has been presented on a classified basis reflecting the change in strategic direction to concentrate exclusively on four-season ski resort operations and development. The comparative balance sheet has been restated to reflect this reclassification.

Principles of Consolidation

The consolidated financial statements include:

(a) the accounts of the Company and its subsidiaries;

(b) the accounts of all incorporated and unincorporated joint ventures and non-controlled partnerships, to the extent of the Company's interest in their respective assets, liabilities, revenues and expenses.

The Company's principal subsidiaries and controlled partnerships accounted for as subsidiaries are as follows:

	Percentage interest held by the Company
Blackcomb Skiing Enterprises Ltd.	96.60
Blackcomb Skiing Enterprises Limited Partnership	74.38
Mont Tremblant Resorts and Company, Limited Partnership	100.00
IW Resorts Limited Partnership	97.55
Intrawest Resort Ownership Corporation	100.00
Intrawest U.S.A., Inc.	100.00
Intrawest U.S. Holdings Inc.	100.00
Stratton Ski Corporation (note 2)	100.00
Snowshoe Resort, Inc. (note 2)	100.00

The Company accounts for its 33% participating investment in Mammoth Mountain Ski Area by the equity method (note 2).

Ski and Resort Operations

The assets of the ski and resort operations are stated at cost less accumulated depreciation. Costs of ski lifts, area improvements and buildings, including start-up costs incurred in pre-operating periods, are capitalized. Certain buildings and equipment are located on leased or licensed land which, in certain cases, the Company has options to purchase. Depreciation is provided over the estimated useful lives of each asset category using the declining balance method as follows.

Buildings	3.3% - 5%
Ski lifts	5% - 8%
Area improvements	2% - 3.3%
Automotive, furniture and other equipment	10% - 50%
Leased vehicles	20% - 25%

Inventories are recorded at the lower of cost and net realizable value.

Properties

(a) Properties under development and held for sale

Properties under development and held for sale are recorded at the lower of cost and net realizable value. Cost includes all expenditures incurred in connection with the acquisition, development and construction of these properties. These expenditures consist of all direct costs, interest on general and specific debt and general and administrative expenses. Revenue related specifically to such properties is treated as a reduction of costs.

Costs associated with the development and investigation of the vacation ownership business, including research, consulting, legal and other costs associated with the registration of the product and program are capitalized. These costs are amortized on a straight-line basis over ten years. Costs associated with the development of sales locations of the vacation ownership business, including operating and general and administrative costs incurred until a location is fully operational, are capitalized. Revenue related specifically to a location is treated as a reduction of costs during the start-up period. These costs are amortized on a straight-line basis over 7 years. The Company provides for write-downs where the carrying value of a particular property exceeds its net realizable value.

(b) Revenue-producing properties

Revenue-producing properties are stated at the lower of cost, net of accumulated depreciation, and the net recoverable amount. Certain special-purpose buildings, constructed for specific tenants, are depreciated on a straight-line basis over the term of the lease with the tenant, plus one renewal period. All other buildings are depreciated on a sinking fund basis at a rate of 5% over a term of 40 years. Leasehold improvements and other tenant inducements are amortized using the straight-line method over the term of the lease, plus one renewal period. Furniture and equipment are depreciated on a declining balance basis at 20% per annum.

(c) Classification

Properties that are currently under development and properties available for sale are classified as current assets. Related bank and other indebtedness is classified as a current liability.

Revenue Recognition

(a) Revenue from the sale of properties is recorded when title to the completed unit is conveyed to the purchaser and the purchaser becomes entitled to occupancy.

(b) Points revenue associated with membership in the vacation ownership business of the Intrawest Resort Club (which revenue is included in real estate sales) is recognized when the purchaser has paid the amount due on closing, all contract documentation has been executed and all other significant conditions of sale are met.

(c) Revenue from revenue-producing properties is recognized upon the earlier of attaining a break-even point in cash flow after debt servicing or the expiration of a reasonable period of time following substantial completion. Prior to this time, the properties are categorized as properties under development, and revenue related to such properties is applied to reduce development costs.

Administrative Furniture, Equipment and Leasehold Improvements

Administrative furniture and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the declining balance method at annual rates of 20% and 30%.

Leasehold improvements are stated at cost less accumulated amortization. Amortization is provided using the straight-line method over the term of the lease, plus one renewal period.

Deferred Financing and Organization Costs

Deferred financing costs consist of legal and other fees related to the financing of the Company's ski and resort operations. These costs are amortized over five years on a straight-line basis. Deferred organization costs consist of legal and other fees related to the Company's change in strategic direction. These costs are amortized over 42 months on a straight-line basis.

Goodwill

Goodwill is amortized on the straight-line basis over a period of 40 years. In determining whether there is a permanent impairment in value, recoverability is based on estimated future cash flows.

Deferred Revenue

Deferred revenue mainly comprises ski pass revenue and government grants. Deferred revenue which relates to the sale of season passes prior to commencement of the ski season is recognized throughout the ski season based on the number of skier visits. Deferred revenue which relates to government grants for ski and resort operation assets is recognized on the same basis as the related assets are amortized. Deferred revenue which relates to government grants for properties under development is recognized as the properties are sold.

Income Taxes

Income taxes are provided at current rates for all items included in the statements of operations, regardless of the period when such items are reported for income tax purposes. No adjustment is made to deferred income tax accounts for subsequent changes in income tax rates.

Foreign Currency Translation

The Company's operations in the United States are of a self-sustaining nature. Assets and liabilities are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at the weighted average rate for the year.

Cumulative gains or losses arising from the translation of the assets and liabilities of these operations are recorded as a separate component of shareholders' equity.

Interest Allocated To Discontinued Operations

Interest allocated to discontinued operations is the total of interest on debt directly attributable to the discontinued operations and an allocation of interest on general corporate debt not directly attributable to continuing operations.

Per Share Calculation

Income per share has been calculated using the weighted average number of common shares outstanding during the year.

Cash Flow From Operations

Cash flow from operations is computed as income before non-controlling interest and discontinued operations adjusted for deferred income taxes, depreciation and amortization of capital items and other non-cash items. Cash flow from operations is different from cash flow from operating activities since it excludes the cash provided by or used for non-cash operating working capital accounts such as real estate inventory, amounts receivable and amounts payable. Cash flow from operations is reconciled to cash flow from operating activities in the consolidated statements of changes in financial position. Cash flow per share is computed as cash flow from operations minus the non-controlling interests' share of cash flow from operations.

Note 2 Acquisitions

(a) Effective December 22, 1995, the Company acquired 33% of Mammoth Mountain Ski Area ("MMSA") in California, U.S.A. The Company's proportionate share of income from the date of acquisition as reported by MMSA, net of amortization of excess purchase price over net assets acquired, is included in income and added to the cost of the investment. The excess purchase price, U.S. $8,170,000, is attributable to the ski and resort operation assets and is being amortized over the estimated useful lives of these assets at the average rate of 6% per annum using the declining balance method.

(b) On November 27, 1995, the Company acquired property and assets related to Snowshoe Mountain Resort and Silver Creek Resort ("Snowshoe") in West Virginia, U.S.A. The transaction was accounted for by the purchase method. Snowshoe's results of operations have been consolidated with the operations of the Company from the date of purchase.

	(in thousands of dollars)
Net assets acquired at fair market value	
Ski and resort operations	$26,583
Goodwill	23,385
Net working capital	(4,071)
	45,897
Cash	4,771
	$50,668
Financed by	
Cash	$ 6,353
Bank and other indebtedness	43,390
Working capital adjustment	925
	$50,668

(c) On October 13, 1994, the Company acquired 100% of the shares of Stratton Ski Corporation ("Stratton"), owner of Stratton Mountain Resort in Vermont, U.S.A. The transaction was accounted for by the purchase method. Stratton's results of operations have been consolidated with the operations of the Company from the date of purchase.

	(in thousands of dollars)
Net assets acquired at fair market value	
Ski and resort operations	$28,058
Properties under development and held for resale	4,684
Other assets	2,062
	34,804
Cash	845
	$35,649
Financed by	
Cash	$14,850
Bank and other indebtedness	10,800
Assumption of obligations	9,999
	$35,649

Note 3 Discontinued Operations

The Company plans to sell all of its remaining non-resort properties by 1998. For reporting purposes, the results of operations and cash flow from operating activities of this business have been disclosed separately from those of continuing operations for the periods presented.

The results of discontinued operations, including an allocation of interest expense, are as follows:

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Revenue	**$98,000**	$41,783
Income (loss) before current income taxes	**(649)**	2,073
Provision for current income taxes	**170**	160
Net income (loss) from discontinued operations	**$ (819)**	$ 1,913

The remaining assets and liabilities of discontinued operations are as follows:

	1996	1995
Current Assets		
Properties	**$34,828**	$88,664
Other current assets	**36,437**	25,712
Properties	**67,539**	89,439
Non-current assets	**26,722**	25,631
Current liabilities	**15,168**	58,402
Long-term debt	**41,904**	47,600

The cash flows from discontinued operations are as follows:

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Cash provided by (used for)		
Operating activities		
Results of discontinued operations	**$ (819)**	$ 1,913
Depreciation and amortization	**1,555**	1,418
Cash flow from operations	**736**	3,331
Recovery of costs through real estate sales	**90,129**	32,719
Development of properties	**(24,080)**	(39,278)
	66,785	(3,228)
Financing activities		
Bank and other borrowings, net	**(48,892)**	(25,695)
Investing activities		
Proceeds from revenue-producing properties, net	**8,129**	32,512
Increase in cash and short-term deposits	**$26,022**	$ 3,589

Note 4 Ski and Resort Operations

	1996		
	Cost	Accumulated depreciation	**Net**
	(in thousands of dollars)		
Ski operations			
Buildings	$ 54,168	$ 9,559	**$ 44,609**
Ski lifts and area improvements	142,485	26,809	**115,676**
Automotive, furniture and other equipment	39,609	15,483	**24,126**
Leased vehicles	11,516	4,985	**6,531**
	247,778	56,836	**190,942**
Resort operations			
Land	12,801	–	**12,801**
Buildings	28,589	5,188	**23,401**
Area improvements	29,040	1,373	**27,667**
	70,430	6,561	**63,869**
	$318,208	$63,397	**$254,811**

	1995		
	Cost	Accumulated depreciation	Net
		(in thousands of dollars)	
Ski operations			
Buildings	$ 51,793	$ 7,608	$ 44,185
Ski lifts and area improvements	131,182	20,932	110,250
Automotive, furniture and other equipment	32,317	12,022	20,295
Leased vehicles	9,338	3,887	5,451
	224,630	44,449	180,181
Resort operations			
Land	6,304	–	6,304
Buildings	21,564	4,355	17,209
Area improvements	12,636	318	12,318
	40,504	4,673	35,831
	$265,134	$49,122	$216,012

The ski and resort operations have been pledged as security for certain of the Company's bank and other indebtedness (note 8).

Note 5 Properties

	1996
	(in thousands of dollars)
Properties under development and held for sale	
Acquisition costs	**$105,451**
Interest	**25,675**
Development costs	**103,484**
Administrative expenses	**21,195**
Net rental income	**(1,675)**
	254,130

Revenue-producing properties

	Cost	Accumulated depreciation	**Net**
Land	$11,070	$ –	**11,070**
Buildings	42,840	3,779	**39,061**
Leasehold improvements and equipment	9,370	4,181	**5,189**
	$63,280	$7,960	**55,320**
			$309,450

	1995
	(in thousands of dollars)
Properties under development and held for sale	
Acquisition costs	$ 84,564
Interest	27,188
Development costs	142,566
Administrative expenses	18,964
Net rental income	(3,664)
	269,618

Revenue-producing properties

	Cost	Accumulated depreciation	Net
Land	$12,017	$ –	12,017
Buildings	46,463	2,504	43,959
Leasehold improvements and equipment	9,093	3,676	5,417
	$67,573	$6,180	61,393
			$331,011

Properties are classified as follows for balance sheet purposes:

	1996	1995
	(in thousands of dollars)	
Current assets		
Resort	**$ 80,613**	$ 71,753
Discontinued operations	**34,828**	88,664
Long-term assets		
Resort	**126,470**	81,155
Discontinued operations	**67,539**	89,439
	$309,450	$331,011

During the year ended June 30, 1996, $13,668,000 (nine months ended June 30, 1995 - $10,812,000) of interest (note 15) and $5,240,000 (June 30, 1995 - $5,976,000) of administrative expenses were capitalized to properties.

Properties have been pledged as security for certain of the Company's bank and other indebtedness (note 8).

Note 6 Amounts Receivable

	1996	1995
	(in thousands of dollars)	
Receivable from sales of real estate	**$15,294**	$ 3,663
Ski and resort operation receivables	**7,145**	7,008
Loans, mortgages and notes receivable (note 18(b))	**49,221**	52,489
Funded senior employee share purchase plan (note 11(d))	**1,606**	1,531
Other accounts receivable	**17,851**	10,121
	91,117	74,812
Less: current portion	**61,369**	41,130
	$29,748	$33,682

Receivables are due approximately as follows:	(in thousands of dollars)
Year ending June 30, 1997	$61,369
1998	18,200
1999	564
2000	3,547
2001	1,298
Subsequent to 2001	6,139
	$91,117

The loans, mortgages and notes receivable bear interest at both fixed and floating rates which averaged 9.88% per annum as at June 30, 1996 (1995 - 10.18%). These amounts have been pledged as security for certain of the Company's bank and other indebtedness (note 8).

Note 7 Other Assets

(a) Current	**1996**	1995
	(in thousands of dollars)	
Ski operation inventories	**$ 6,514**	$5,249
Prepaid expenses and other	**4,996**	3,644
	$11,510	$8,893

(b) Long-term	**1996**	1995
	(in thousands of dollars)	
Administrative furniture, equipment and leasehold improvements, at cost less accumulated depreciation of $2,952,000 (1995 - $2,456,000)	**$ 3,597**	$2,979
Deferred financing and organization costs	**4,277**	3,788
Other	**1,146**	1,384
Investment in Mammoth Mountain Ski Area, at equity	**17,002**	–
Investments, at cost	**8,824**	1,796
	$34,846	$9,947

Investments include a limited partnership interest in the amount of $7.5 million acquired as partial consideration in connection with the sale of a non-resort property. The partnership interest is expected to be fully recoverable out of the available annual cash flow and/or proceeds from the ultimate sale of the property.

Note 8 Bank and Other Indebtedness

The Company has obtained financing for its operations from various financial institutions by pledging individual assets as security for such financing. Security for general corporate debt is provided by general security which includes a floating charge on the Company's assets and undertakings, fixed charges on real estate properties, and assignment of mortgages and notes receivable. Bank and other indebtedness bears interest at both fixed and floating rates. The following table summarizes the primary security provided by the Company, where appropriate, and indicates the applicable type of financing, maturity dates and the weighted average interest rate at June 30, 1996.

	Maturity dates	Weighted average interest rate	**1996**	1995
			(in thousands of dollars)	
Ski and resort operations				
Mortgages and bank loans	Demand-2010	6.98%	**$197,913**	$129,192
Obligations under capital leases	1997-2001	8.98%	**8,608**	9,849
			206,521	139,041
Properties				
Interim financing on properties under development and held for sale	1997-2007	6.18%	**85,067**	112,879
Mortgages on revenue-producing properties	1997-2034	8.73%	**38,884**	38,701
			123,951	151,580
General corporate debt	Demand-1999	6.47%	**24,756**	–
Unsecured debenture	2003	9.32%	**25,000**	25,000
		7.15%	**380,228**	315,621
Less: current portion			**121,299**	97,485
			$258,929	$218,136

Principal repayments are due approximately as follows:	(in thousands of dollars)
Year ending June 30, 1997	$121,299
1998	63,014
1999	12,472
2000	29,553
2001	45,394
Subsequent to 2001	108,496
	$380,228

Certain amounts owing to banks are evidenced by demand notes which are classified for repayment according to expected or agreed settlement dates.

Bank and other indebtedness of $149,165,000 (1995 - $116,611,000) is guaranteed by the Company in addition to being secured by the specific property or asset.

Bank and other indebtedness includes indebtedness in the amount of $141,642,000 (1995 - $56,731,000), which is repayable in United States dollars of $103,866,000 (1995 - $41,334,000).

The Company is committed to capital lease obligations as follows:

	1996	1995
	(in thousands of dollars)	
Minimum lease payments	**$10,053**	$12,321
Less: interest	**1,445**	2,472
Lease principal obligation	**$ 8,608**	$ 9,849

Future minimum lease payments are as follows:	*(in thousands of dollars)*
Year ending June 30, 1997	$ 3,591
1998	3,175
1999	1,493
2000	1,117
2001	449
Subsequent to 2001	228
	$10,053

Note 9 Government Assistance

The federal government and the Province of Quebec have granted financial assistance to the Company in the form of interest-free loans and grants for the construction of specified four-season tourist facilities at Mont Tremblant. The loans, which will total $18,300,000 when they are fully advanced, are repayable over seven years starting in 2000. At June 30, 1996, the Company had received $17,338,000 of interest-free loans (1995 - $17,188,000) which amounts are included in bank and other indebtedness. The grants, which will total $11,600,000 when they are fully advanced, amounted to $8,137,000 at June 30, 1996 (1995 - $4,960,000). The grants received during the year ended June 30, 1996 amounting to $3,177,000 have been credited as follows: $567,000 (1995 - $926,000) to ski and resort operation assets, $919,000 (1995 - $1,179,000) to properties and $1,691,000 (1995 - $855,000) to cost of real estate sales.

Note 10 Due to Joint Venture Partners

The amount payable to the Company's joint venture partners in various properties, net of amounts receivable, results from the use of the proportionate consolidation method of accounting. Payments to the joint venture partners are governed by the terms of the respective joint venture agreement.

Note 11 Capital Stock

(a) Authorized -

50,000,000 common shares without par value and 10,000,000 preferred shares without par value, issuable in series

Issued	**1996** Number of common shares	**1996** Amount *(in thousands of dollars)*	1995 Number of common shares	1995 Amount *(in thousands of dollars)*
Balance at beginning of period	23,026,790	**$197,991**	22,826,690	$195,973
Funded senior employee share purchase and stock option plans	36,700	**411**	200,100	2,018
Extinguishment of warrants, options and conversion privilege	–	**(1,850)**	–	–
Balance at end of period	23,063,490	**$196,552**	23,026,790	$197,991

(b) Stock Options

The Company has a stock option plan which provides for grants to officers and employees of the Company and its subsidiaries of options to purchase common shares of the Company. Options granted under the stock option plan vest equally over a period of five years. At June 30, 1996, stock options outstanding totaled 2,061,300 common shares, exercisable at prices from $10 to $15.50, expiring up to 2006. During the year ended June 30, 1996, options were exercised for 20,500 common shares and options for 72,500 common shares were extinguished.

In 1993 the Company issued a warrant in connection with the unsecured debenture. The warrant holder had the right to acquire 450,000 common shares at $14.375 per share, expiring in September 1996. During the year ended June 30, 1996, the Company extinguished the warrant.

During the year ended September 30, 1992, the Company granted an option to purchase 123,146 common shares at a price of $11.125 per share in connection with a loan guarantee for the financing of certain capital improvements. This option expires in September 1999. In addition, the Company granted to a property lender (note 18(c)) the right to convert its loan of $8,600,000 into 637,037 common shares on August 31, 1999 at a conversion price of $13.50 per share. During the year ended June 30, 1996, the property was sold and the Company repaid half of the debt as well as an accrued return of $1,158,000 and this extinguished the conversion privilege with respect to 318,518 common shares.

(c) Employee Share Purchase Plan

The employee share purchase plan permits full-time employees of the Company and its subsidiaries and limited partnerships to purchase common shares through payroll deductions. The Company contributes $1 for every $3 contributed by an employee. To June 30, 1996, a total of 65,809 (1995 - 65,809) common shares have been issued from treasury under this plan. The board of directors has authorized and reserved a further 100,000 common shares for issuance under this plan.

(d) Funded Senior Employee Share Purchase Plan

The Company has a funded senior employee share purchase plan which provides for loans to be made to designated eligible employees to be used to subscribe for common shares. At June 30, 1996, loans to employees under the funded senior employee share purchase plan amounted to $1,606,000 with respect to 171,350 common shares (1995 - $1,531,000 with respect to 165,850 common shares). The loans are interest-free, secured by a promissory note and a pledge of the common shares and mature by 2005. The board of directors has authorized and reserved a further 100,000 common shares for issuance under this plan.

Note 12 Income Taxes

(a) The reconciliation of income taxes calculated at the statutory rate to the actual income tax provision is as follows:

	Year ended June 30 1996	Nine months ended June 30 1995
Statutory rate	**45.6%**	45.0%
	(in thousands of dollars)	
Income tax charge at statutory rate	**$10,835**	$7,220
Large Corporations Tax	**848**	809
Taxes related to non-controlling interest share of earnings	**(1,427)**	(1,304)
Taxes related to equity accounted investment	**(2,106)**	–
Foreign taxes different from statutory rate	**(1,870)**	(31)
Realization of tax losses of subsidiary	**(2,287)**	–
Additional amounts deductible related to properties and ski and resort operation assets (see (b) below)	**(3,145)**	(5,885)
Other	**494**	139
	1,342	948
Less: current income taxes related to discontinued operations	**170**	160
Provision for current income taxes	**$ 1,172**	$ 788

(b) Certain properties and ski and resort operation assets were acquired at a tax value in excess of their recorded value, with the result that a deferred income tax provision was not required. At June 30, 1996, approximately $15,500,000 has not been recognized for accounting purposes.

Note 13 Joint Ventures

The following amounts represent the Company's proportionate interest in joint ventures and non-controlled partnerships:

	1996	1995
	(in thousands of dollars)	
Properties, current	**$55,386**	$31,455
Other current assets	**18,088**	9,124
	73,474	40,579
Current liabilities	**(31,761)**	(26,540)
Working capital	**41,713**	14,039
Properties, non-current	**75,113**	73,387
Long-term debt	**(32,173)**	(28,564)
Other, net	**(15,047)**	(17,416)
	$69,606	$41,446

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Revenue	**$30,320**	$20,329
Expenses	**28,358**	16,241
Income from continuing operations	**1,962**	4,088
Results of discontinued operations	**222**	362
	$ 2,184	$ 4,450
Cash provided by (used for)		
Operating activities		
Income	**$ 1,962**	$ 4,088
Depreciation and amortization	**316**	–
Other non-cash items net of changes in operating working capital	**(28,848)**	(14,653)
Cash provided by discontinued operations	**1,036**	488
	(25,534)	(10,077)
Financing activities		
Bank and other borrowings, net	**1,655**	10,469
Investing activities		
Proceeds from (expenditures on) revenue-producing properties, net	**108**	(290)
Total	**$(23,771)**	$ 102

Note 14 Contingencies and Commitments

(a) The Company holds the following licences and land leases with respect to its ski operations:

i. at Blackcomb Mountain in British Columbia, expiring in 2029, with annual payments equal to 2% of defined gross revenues, increasing by 0.5% every ten years;

ii. at Panorama in British Columbia, expiring in 2033, with annual payments equal to 2% of defined gross revenues, increasing by a maximum of 2% every ten years;

iii. at Mont Tremblant in Quebec, expiring in 2051, with annual payments of $5,000 plus the change in the consumer price index;

iv. at Stratton Mountain in Vermont, expiring in 1997, with annual payments of U.S. $450,000 increasing by U.S. $50,000 per year. The lease contains a purchase option at U.S. $5,300,000 which can be exercised at any time during the lease. The Company expects to exercise this option.

(b) Cash and short-term deposits include amounts totalling $4,050,000 (1995 - $743,000) that can only be used for specific purposes or held as security.

(c) The Company has estimated costs to complete ski and resort operation assets and properties currently under construction and held for sale amounting to $118,246,000 at June 30, 1996 (1995 - $70,586,000). The Company has financing commitments of $100,738,000 (1995 - $69,770,000) related to these costs.

(d) The Company has entered into various operating lease commitments for periods up to 2001, aggregating $8,889,000 (1995 - $8,553,000), payable as follows:

	(in thousands of dollars)
Year ending June 30, 1997	$1,911
1998	1,908
1999	1,706
2000	1,549
2001	1,478
Subsequent to 2001	337
	$8,889

(e) The Company is contingently liable for $40,643,000 of indebtedness at June 30, 1996, of which $37,643,000 was assumed by the purchasers on the sale of certain non-resort properties under development during the year ended September 30, 1994 (note 18(b)). The purchasers have provided guarantees to the Company in respect of the indebtedness and have indemnified the Company for any potential losses resulting from the contingent liability.

(f) The Company is contingently liable for the obligations of certain joint ventures and limited partnerships. The assets of these joint ventures and limited partnerships are available to satisfy such obligations.

(g) The Company has received reassessments for the 1986 to 1989 taxation years that significantly increase Blackcomb Skiing Enterprises Ltd.'s income for tax purposes. The Company has filed notices of objection to the reassessments. In addition, Blackcomb Skiing Enterprises Ltd. has filed amendments to its 1982 to 1991 income tax returns to claim additional capital cost allowance to reduce the proposed increase in income for tax purposes. The potential tax liability is approximately $4,900,000, which is composed of current taxes of $2,200,000, including interest, and deferred income taxes of $2,700,000. In March 1994 the Company paid $1,585,000 to Revenue Canada, Taxation as required by legislation when a notice of objection is filed. This amount is included in amounts receivable as the outcome of these reassessments cannot be determined at this time.

Note 15 Interest Expense

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Total interest incurred	**$32,406**	$20,121
Less: interest capitalized to ski and resort operation assets	**459**	722
interest capitalized to properties, net of capitalized interest recorded in real estate cost of sales of $6,014,000 (1995 - $3,426,000)	**7,654**	7,386
	$24,293	$12,013
Interest was charged to income as follows:		
Real estate costs	**$ 6,014**	$ 3,426
Ski operations - employee housing	**920**	598
Interest expense	**14,017**	6,951
Discontinued operations	**3,342**	1,038
	$24,293	$12,013

Real estate costs also include $9,062,000 (1995 - $5,299,000) of interest incurred in prior years.

Note 16 Pension Plans

Effective January 1, 1995, the Company introduced two defined benefit pension plans for certain of its senior executives. The value of the pension fund assets at June 30, 1996 and the present value of the accrued pension benefits attributed to services rendered up to June 30, 1996 are $862,000 and $3,376,000, respectively (1995 - $355,000 and $2,900,000, respectively).

Note 17 Segmented Information

Industry and geographical information related to the Company's continuing operations is as follows:

(a) Industry Segments

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Revenue		
Ski and resort operations	**$170,986**	$102,898
Real estate operations	**112,351**	50,031
Consolidated	**$283,337**	$152,929
Operating profit		
Ski and resort operations	**$ 31,030**	$ 14,571
Real estate operations	**14,973**	10,949
	46,003	25,520
Less: unallocated corporate expenses		
Interest	**(14,017)**	(6,951)
General and administrative	**(7,567)**	(4,597)
Consolidated	**$ 24,419**	$ 13,972
Identifiable assets		
Ski and resort operations	**$324,714**	$234,805
Real estate operations	**263,475**	192,902
Discontinued operations	**165,526**	230,845
Consolidated	**$753,715**	$658,552
Capital acquisitions		
Ski and resort operations	**$ 28,098**	$ 28,990
Depreciation and amortization		
Ski and resort operations	**$ 16,045**	$ 9,574
Real estate operations	**668**	164
Unallocated corporate	**453**	289
Consolidated	**$ 17,166**	$ 10,027

(b) Geographic Segments

	Year ended June 30 1996	Nine months ended June 30 1995
	(in thousands of dollars)	
Revenue		
Canada	**$193,579**	$127,125
United States	**89,758**	25,804
Consolidated	**$283,337**	$152,929
Operating profit		
Canada	**$ 7,738**	$ 12,678
United States	**16,681**	1,294
Consolidated	**$ 24,419**	$ 13,972
Identifiable assets		
Canada	**$395,580**	$357,754
United States	**192,609**	69,953
Discontinued operations	**165,526**	230,845
Consolidated	**$753,715**	$658,552

Note 18 Related Party Transactions

(a) Amounts receivable include loans of $1,490,000 (1995 - $1,490,000) advanced, in connection with the Canadian tax liabilities incurred as a result of the reorganization of the Company in 1990, to shareholders which are holding companies controlled by a director of the Company. The loans are interest-free and mature in December 1997.

(b) Effective April 1, 1994, the Company sold substantially all of its industrial and non-resort residential properties under development in British Columbia and Washington State to two partnerships formed by a group of investors. The managing general partners of the partnerships are corporations controlled by a director of the Company.

The consideration for the sale included a vendor takeback note, earning interest at 10.75% per annum, for $31,700,000. Principal payments were scheduled as follows:

	(in thousands of dollars)
October 1, 1995	$ 4,700
April 1, 1996	5,000
October 1, 1996	6,000
April 1, 1997	8,000
September 30, 1997	8,000
	$31,700

Subject to full repayment by September 30, 1997, the partnerships have the right to defer any principal payment for up to 12 months so long as only one payment is deferred at any one time. The partnerships elected to defer the payment due on October 1, 1995 and paid $3,849,000 of the payment due on April 1, 1996. In order to accommodate the partnerships' cash flow, the Company agreed to a temporary deferment of $1,151,000 of the April 1, 1996 principal payment to December 31, 1996. The partnerships paid $6,908,000 of interest on the note receivable during the year ended June 30, 1996, and at June 30, 1996, $775,000 (1995 - $4,277,000) of interest was accrued and outstanding.

The Company has committed to provide the partnerships with various credit facilities up to September 30, 1997, including a $7,000,000 revolving line of credit and a non-revolving loan for $1,800,000, to fund costs in connection with a specific project. These loans earn interest at prime plus 2%. At June 30, 1996, $8,015,000 (1995 - $3,400,000) was advanced under these facilities and accrued and unpaid interest amounted to $107,000. In addition, the Company has agreed to provide financial assistance by way of continuing liability under the assumed bank indebtedness and liability in respect of certain letters of credit. The Company earns fees in consideration for this financial assistance. The partnerships have guaranteed repayment of these facilities and indemnified the Company for any losses under them.

The Company has engaged the partnerships to provide specified services in connection with the development, property management, marketing and sale of its remaining non-resort properties. For the year ended June 30, 1996, the Company incurred net costs of $1,719,000 (nine months ended June 30, 1995 - $1,496,000) in respect of these services.

(c) Bank and other indebtedness at June 30, 1996 includes the following amounts due to significant corporate shareholders of the Company who are represented on the Company's board of directors:

i. a convertible loan of $4,300,000 (1995 - $8,600,000) which bears interest at 8% per annum, is secured by a second mortgage over a non-resort property and the limited partnership interest (note 7) and is due on August 31, 1999;

ii. a loan of U.S. $1,284,000 (1995 - U.S. $1,297,000), which bears interest at prime plus 1.25% per annum, is secured by a property under development and is due on April 30, 1998.

Directors

Joe S. Houssian
Chairman, President and Chief Executive Officer
Intrawest Corporation

Daniel O. Jarvis
Executive Vice President and Chief Financial Officer
Intrawest Corporation

R. Thomas M. Allan[2,3]
Executive Vice-President Investments
London Life Insurance Company

1. Audit Committee
2. Corporate Governance Committee
3. Human Resources Committee

David A. King[3]
President
David King Corporation

Gordon H. MacDougall[1,2]
Partner
CC&L Financial Services Group

Paul M. Manheim[1,2]
Vice President, Corporate Development
HAL Investments Inc.

Bernard A. Roy[1,2]
Partner
Ogilvy Renault

Khaled C. Sifri[3]
President
PolyMore Circuit Technologies, L.P.

Hugh R. Smythe
President
Resort Operations Group
Intrawest Corporation

Nicholas C.H. Villiers[3]
Vice President and Director
RBC Dominion Securities Inc.

Corporate Officers

Joe S. Houssian
Chairman, President and Chief Executive Officer

David C. Blaiklock
Corporate Controller

Daniel O. Jarvis
Executive Vice President and Chief Financial Officer

John E. Currie
Senior Vice President, Financing and Taxation

Ross J. Meacher
Corporate Secretary

Resort Operations Group

Hugh R. Smythe
President, Resort Operations Group

Daniel J. Seme
President and Chief Operating Officer, Snowshoe

Scott A. Carrell
Vice President and General Manager, Blackcomb

Edward B. Pitoniak
Vice President, Idea and Product Acceleration

Robert A. Fries
President, Stratton

Michel Aubin
Vice President, Finance, Tremblant

Michael W. Davis
Vice President, Marketing

Diane R. Rabbani
Vice President, People and Organizational Development

Spence T. Videon
Chief Executive Officer, Snowshoe

David B. Brownlie
Vice President, Finance and Corporate Development, Blackcomb
Vice President, Panorama

Roger D. McCarthy
Vice President and General Manager, Tremblant

Graham R. Wood
General Manager, Panorama

Resort Development Group

Gary L. Raymond
President, Resort Development Group

Gregory C. Spearn
Senior Vice President

David A. Hill
Vice President, Keystone

Michael F. Coyle
Senior Vice President, Marketing

Lorne D. Bassel
Vice President, Tremblant

Donal P. O'Callaghan
Vice President, British Columbia Resorts

Dana C. Severy
Vice President, Stratton

David S. Greenfield
Senior Vice President

Robert A. Erickson
Vice President, Mammoth

Stephen T. Plescow
Vice President, Snowshoe

Resort Club Group

James J. Gibbons
President, Resort Club Group

Michael J. Dwyer
Senior Vice President

Ron T. Zimmer
Vice President, Finance and Administration

Intrawest Corporation

CORPORATE INFORMATION

COMPANY'S PRINCIPAL OFFICES

Vancouver
(Executive Office)
Intrawest Corporation
Suite 800
200 Burrard Street
Vancouver, British Columbia
V6C 3L6
Telephone: (604) 669-9777
Facsimile: (604) 669-0605
Internet: http://www.intrawest.com/

Blackcomb
Blackcomb Skiing Enterprises Ltd.
4545 Blackcomb Way
Whistler, British Columbia
V0N 1B4
Telephone: (604) 932-3141
Facsimile: (604) 938-7527
Reservations: 1-800-777-0185

Intrawest Resort Ownership Corporation
Intrawest Resort Club
The Landing
326 – 375 Water Street
Vancouver, British Columbia
V6B 5C6
Telephone: (604) 689-8816
Facsimile: (604) 682-7842

Keystone
Keystone Real Estate Developments
P.O. Box 8876
0574 County Road 5
Keystone, Colorado
U.S.A. 80435
Telephone: (970) 468-4530
Facsimile: (970) 468-4534

Mammoth
Intrawest/Mammoth Corporation
P.O. Box 3414
6156 Minaret Road
Mammoth Lakes, CA
U.S.A. 93546-3414
Telephone: (619) 924-8189
Facsimile: (619) 924-0050

Mont Tremblant
Mont Tremblant Resort Inc.
3005 chemin Principal
Mont-Tremblant, Quebec
J0T 1Z0
Telephone: (819) 681-2000
Facsimile: (819) 681-5999
Reservations: 1-800-461-8711

Panorama
Panorama Resort
Panorama, British Columbia
V0A 1T0
Telephone: (250) 342-6941
Facsimile: (250) 342-3727
Reservations: 1-800-663-2929

Snowshoe
Snowshoe Resort, Inc.
P.O. Box 10
Snowshoe, West Virginia
U.S.A. 26209
Telephone: (304) 572-1000
Facsimile: (304) 572-1027

Stratton
Stratton Corporation
RR1, Box 145
Stratton Mountain, Vermont
U.S.A. 05155-9406
Telephone: (802) 297-2200
Facsimile: (802) 297-9395
Reservations: 1-800-787-2886

Vous pouvez obtenir la version française de ce rapport en écrivant au Secrétaire, Corporation Intrawest, 200, rue Burrard, Bureau 800, Vancouver (Colombie-Britannique) V6C 3L6

IMAGINE
A New Spirit of Giving

AUDITORS

Coopers & Lybrand
Vancouver, British Columbia

TRANSFER AGENT AND REGISTRAR

The R-M Trust Company at its principal offices in Vancouver, Calgary, Toronto and Montreal

STOCK EXCHANGE LISTINGS

(Symbol: ITW)
The Toronto Stock Exchange
The Montreal Exchange
Vancouver Stock Exchange

SHAREHOLDER INFORMATION

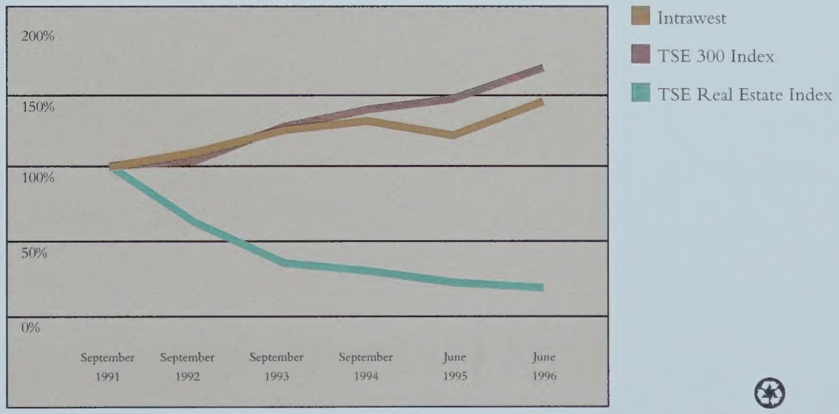
Ross J. Meacher, Corporate Secretary
(604) 669-9777

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders will be held on Monday, November 18, 1996 at 11:00 a.m. in the Ballroom of the Waterfront Centre Hotel, 900 Canada Place Way, Vancouver.

INTRAWEST SHARE PRICE COMPARED WITH TSE 300 AND TSE REAL ESTATE INDEX

Base = 100 Closing Prices (September 1991 - June 1996)



Printed in Canada on recycled paper

INTRAWEST CORPORATION

Suite 800, 200 Burrard Street, Vancouver, British Columbia V6C 3L6